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NEWS SUMMARY

Polish Party vote confirms Kania

Premier General Wojciech Jaruzelski and Communist Party leader Stanislaw Kania topped the poll in elections for the Polish party's central committee at its emergency congress.

Head of State Henryk Jablonski and hard-liners Tadeusz Grabski and Andrzej Zabinski failed to be elected.

The elections, the first held by a secret ballot, were by 1,950 delegates at the party conference. Jaruzelski achieved 1,615 votes and Kania 1,337. Also elected were hard-liners Albin Siwak and Stefan Olzowski and a liberal, Mieczyslaw Rakowski.

The central committee will now nominate candidates for the ruling Politburo. Page 3

GENERAL

3,000 killed in Chinese floods

The Yangste floods, China's worst for 75 years, have killed at least 3,000, left hundreds of thousands homeless, and today threaten a major da mand power station.

Tens of thousands of small farms are affected, and, following the drought which has severely afflicted northern provinces, the country's food output is under further extreme pressure. Page 2

Commons protest

Michael McMahon and David Cooper, released a year ago because of "widespread unease" about their conviction and life sentences for the murder of a Luton postmaster, scaled a wall and broke into House of Commons offices to publicise their demand for a royal pardon.

Red Cross visit

Three Swiss officials of International Red Cross met hunger strikers in the Maze Prison, Belfast. In Dublin, prisoners' relatives met Irish Premier Dr Garret FitzGerald.

Sindona charged

Italian prosecutors have charged financier Michele Sindona, jailed in New York for fraud, with ordering the murder of a lawyer appointed to liquidate his Banca Privata Italiana.

Senate inquiry

The U.S. Senate intelligence committee is inquiring into allegations of financial misconduct by CIA director William Casey, and Max Hugel, the man he chose to run the agency's undercover operations.

Yugoslav 'purge'

Dzavid Nimani, president of the southern Yugoslav province Kosovo, where there have been violent Albanian nationalist riots, resigned in what appears to be a purge.

Long emergency

Zimbabwe's Parliament renewed the country's 15-year-old state of emergency, despite opposition from Ian Smith's Republican Front, whose forerunners imposed it.

Cheaper flights

British Caledonian and Lunn Poly are cutting about a third off the price of economy price flights on a programme of trips from Gatwick to Amsterdam, Brussels and Paris.

A longer ban

Stocking and lingerie salesman, Colin Davies, who succeeded at appeal in having a driving ban for speeding cut to a month because he said he was a vet rushing to take samples from dying cattle, was convicted of perjury at Gloucester and jailed for 10 months.

Briefly . . .

Peking Circus member asked for asylum in Switzerland.

At least 39 were killed when two trains collided in Madhya Pradesh, C. India.

Professor Marian Weiss, Polish experts in rehabilitation, committed suicide.

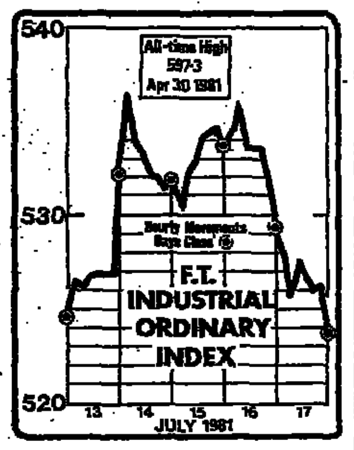
Cricket, third Test (Headingley): Australia 401-9 dec., England 7-0.

BUSINESS

Gilts fall by 0.45; $ firm

● GILTS were depressed by interest rate fears. The Government Securities index fell 0.45 to a 19-month low of 63.45. Page 24

● EQUITIES were easier. The



FT 30-share index lost 5.6 to 523.7. Page 24

● DOLLAR rose to DM 2.4215 (DM 2.4095), FFr 5.7535 (FFr 5.7070), SwFr 2.0810 (SwFr 2.0730) and Y 231.8 (Y 231.25). Its trade weighted index was 110.7 (110.1). Page 23

● STERLING added 20 points to $1.8855. It closed at DM 4.5650 (DM 4.5400), FFr 10.8450 (FFr 10.7450) and SwFr 3.9250 (SwFr 3.9050). Its trade-weighted index was 92.4 (92.1). Page 23

● GOLD rose by $0.5 to $418 in London. In New York, the Comex July close was $417.5. Page 23

● HONG KONG shares moved higher, backed by renewed overseas interest, and the Hang Seng index rose to a record 1810.20. Page 20

● WALL STREET was up 3.52 to 959.00 near the close. Page 20

● RETAIL PRICES INDEX rose by 0.6 per cent to 295.8 in the month to mid-June resulting in a slight fall in the 12-month rate of increase to 11.3 per cent from 11.7 per cent in mid-May. Back Page

● WEST GERMAN Government plans to cut Federal spending next year by between DM 15bn and DM 20bn (£3.29bn-£4.39bn). Back Page; fall continues in French output, Page 2

● SOUTHAMPTON DOCKS' longest disruptive dispute ended when a dockers' mass meeting accepted a two-year pay deal. Page 3

● ICL announced changes in its internal organisation and management structure intended to improve its recovery chances. Page 3

COMPANIES

● REMBRANDT GROUP, the South African tobacco, liquor and mining concern, reported attributable income 43 per cent higher at R169.7m (£99.33m) in the year to end March. Page 21

● LLOYDS BANK surprised the stock market with a one-fifth rise in half-year taxable profits to £174.7m. Back Page; Lex, Back Page; Details, Page 14

● STODDARD HOLDINGS, carpet maker, incurred a pre-tax loss of £1.87m in the 10 months to end March but expects to be operating profitably by the second half of the current year. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Ailsa Invest	218	+ 13
Arlington Motor	115	+ 6
Barclays Bank	455	+ 10
Braham Millar	18	+ 6
Harris (Philip)	97	+ 15
Hill (C.) Bristol	127	+ 7
Intnl Paint	182	+ 7
Lloyds Bank	420	+ 20
Utd Engineering	210	+ 5
Wiggins Construct	66	+ 9
Berkeley Exploratn	398	+ 11
Anglo Utd Dev	130	+ 15
Central Pacific Mns	75	+ 8
Haoma Gold	68	+ 10
Jo'burg Cons	£36¼	+ ¼

FALLS		
Treas 8¼pc '84-86	£81¼	− ¼
Exchqr 12¼pc '90	£87½	− ¼
Arbuthnot Latham	300	− 32
British Sugar	320	− 9
Canning (W.)	69	− 6
Distillers	226	− 6
Elliott (B.)	160	− 10
GUS A	448	− 10
Grindlays Bank	230	− 10
Land Securities	338	− 9
MEPC	238	− 8
Metal Box	160	− 8
Polly Peck	351	− 12
Ransomes Sims	173	− 10
Unigate	104	− 4
Anglo Amer Gold	£43¾	− 1
Northern Mining	190	− 10

End to Civil Service strike in sight after improved pay offer

BY PHILIP BASSETT, LABOUR STAFF

THE Civil Service strikes are expected to end in three weeks, with a return to work possible in the first week in August. This follows a decision yesterday by leaders of the Council of Civil Service Unions to put to union memberships an improved pay offer of 7½ per cent.

The 19-week-old campaign of selective strikes aimed at disrupting government revenue and defence operations will be maintained during consultations on the offer, but the lengthy dispute—the longest national dispute since the 1926 miners' stoppage after the General Strike—seems all but over.

The unions' decision marks a major victory for the government which, even though it has had to make some concessions, has maintained its cash limits, refused to reinstate the unions' comparability-based pay agreement and increased its offer by only ½ per cent, or at flat-rate addition to basic pay of £30 per person.

It is also a vindication of Cabinet "doves" who, against hard-line opposition, have been suggesting for the past two months that an extra ½ per cent might be available within the cash limits and prove acceptable.

It is also a major defeat for the unions. Their carefully-controlled programme of selective strikes was not enough to shift the Government determination, following the humiliation inflicted on it by the miners.

The decision yesterday by the council's major policy committee that the improved offer should be put out to union memberships without any recommendation is likely to be followed by all but one of the major unions.

The exception is the executive-grade Society of Civil and Public Servants, which will recommend rejection of the offer and a vote for an all-out strike. However, the last time in the campaign that the union recommended such action it was defeated by 2 to 1.

A circular on the offer prepared by the largest union, the Civil and Public Services Association, admits the campaign's failure to budge the Government either on maintaining living standards or on the restoration of the service's pay agreement.

Consultation should be over by the time of a full council meeting on July 30. If, as seems likely, the offer is accepted, a return to work could be sanctioned for the week beginning August 3.

The unions have already concluded with the Government a framework agreement for an orderly return to work which, like the revised offer, had to have the Prime Minister's personal approval.

The agreement says that "both sides agree to work towards restoring normal working relationships as soon as possible." There will be no penalisation of 5,000 or so people who took part and the unions will in turn co-operate fully "in achieving a speedy and orderly resumption of work, clearance of the backlog and return to normal operation."

Whitehall officials expect, however, some fierce pockets of militancy over the next few weeks.

In particular, the unions have agreed to lift the blacking of Giro cheques for unemployment benefit. The Department of Employment has responded by halting the issue of proposed suspension notices, and withdrawing some already issued.

Strikers will, however, forfeit their pay, pension and other benefits for the duration of their action. These are likely to be made up to them by the unions even though the action has probably cost the unions over £7m.

'Williams for Croydon' moves

BY MARGARET VAN HATTEN, LOBBY STAFF

SOCIAL DEMOCRATS, euphoric over Mr Roy Jenkins's surprisingly good result in the Warrington by-election, joined their Liberal partners last night in a search for a formula which would allow Mrs Shirley Williams to contest the forthcoming Croydon North-West by-election.

The Liberals, who confessed that they were "staggered" by the Warrington result, appeared in a state of disarray as they considered its implications for future by-elections. Mr Jenkins polled 42 per cent of the vote and reduced Labour's majority from over 10,000 to 1,759.

Mrs Williams announced yesterday that she would like to contest the Croydon seat if local Liberals wished her to.

Mr David Steel, the Liberal leader, also indicated that he would like Mrs Williams, or another prominent Social Democrat, to stand when he urged both parties to fight "in whatever way makes victory in the Croydon by-election most likely."

However, Croydon Liberals have already endorsed Mr William Pitt, chairman of the London Liberal Party, as their prospective candidate. Mr Pitt has stood three times for the seat and has been defeated on each occasion.

Under the terms of the agreement whereby Liberals supported Mr Jenkins at Warrington, both parties are committed to supporting a candidate nominated by the Liberals in Croydon.

Mr Steel let it be known several weeks ago that he considered the Croydon seat tailor-made for Mrs Williams.

Last night he said: "Warrington has shown that if you have a candidate of national stature, it is much easier to make headway."

Croydon Liberals and Social Democrats were meeting last night at Mr Pitt's house to discuss their options, including the possibility that Mr Pitt might be asked to invite Mrs Williams to stand in his place.

Labour Party reaction to the Warrington result was one of uniform despondency and disappointment, relieved only on the Right of the party by speculation that it might curb the ascendancy of the Left, led by Mr Tony Benn.

Mr Denis Healey said that the result would probably give him a larger majority over Mr Benn in the election for Labour deputy leadership than he might otherwise have had. The fact that 8,000 voters deserted Labour in Warrington was a warning that could not be ignored, he said.

For the Tories Sir Keith Joseph, Industry Secretary, said the result was further evidence of the break-up of the Labour Party. He claimed there was tactical voting by Tories, who saw a vote for Mr Jenkins as the best way of bringing about a Labour defeat.

Shock waves from Warrington, Page 12
Editorial comment, Page 12

$7.74bn Mobil bid for Conoco

BY PAUL BETTS IN NEW YORK

MOBIL OIL yesterday entered the battle for Conoco with a $7.74bn (£4.1bn) cash and securities takeover offer.

Should Mobil, the second largest U.S. oil company, win control of Conoco, the combination would create a $80bn corporation, second only to Exxon.

It would also open the door for an even greater concentration of power in the U.S. oil industry, raising serious anti-trust issues for the Reagan Administration.

Atni-trust officials said yesterday they would review the Mobil bid closely, as they had done to takeovers from Du Pont and Seagram. But Mobil is likely to represent far more serious anti-trust challenge because it is one of the major oil companies.

Mobil claimed yesterday the merger would not break existing anti-trust guidelines. But the issue will clearly become one of the most controversial aspects of Mobil's bid and could represent a serious obstacle.

Mobil has offered $90 a share for 51 per cent of Conoco's outstanding common stock. The cash offer will be followed by a merger involving the issue of Mobil securities.

Mr Herbert Schmertz, Mobil's chief spokesman, said yesterday that his company would issue preferred stock and debentures for all the remaining Conoco shares, at the time of the merger, which would have a guaranteed market value of $90 a share.

Du Pont, the leading rival, increased its own bid this week, offering $95 a share for 40 per cent of Conoco and 1.7 Du Pont shares for each remaining Conoco share. Du Pont's bid at current market prices is worth about $7.5bn.

In an unusual — by U.S. standards — promotion for its bid, Mr Rawleigh Warner, Mobil's chairman, stated yesterday: "Mobil's offer is better than any offer that has been made for Conoco."

It is unconventional for a company to promote its offer in the U.S. other than through material registered with the Securities and Exchange Commission.

Mobil calculates that Du Pont's offer has an effective value of $86.20 a share because the share exchange past of the offer is based on Du Pont's stock market price, which has slumped since the chemicals company entered the bidding. In the past two weeks, Du Pont shares have declined 10 per cent and were trading yesterday at 46½.

Mobil is also understood to have been approached by Seagram of Canada, itself offering $85 a share for 51 per cent of Conoco, to make a joint bid for the company but Mobil turned this down.

Mobil also confirmed yesterday it had put together a $6bn credit line with a group of U.S. and foreign banks led by Citibank. It is the latest oil company to have arranged a big credit line to position itself in the current surge of takeover moves.

Mobil has negotiated a four-year revolving credit convertible into a four-year long-term loan. The terms are for ⅜ over the London interbank offered rate on the credit line and ½ per cent over for the loan. About one-third of the loan will be raised in the U.S. and the

Continued on Back Page
Lex, Back Page

CONTENTS

For latest Share Index phone 01-246 8026

Short-term interest rates up sharply

By Peter Riddell, Economics Correspondent

SHORT-TERM INTEREST rates rose sharply in London yesterday, increasing pressure on the clearing banks to consider raising their base lending rates. Last night the authorities appeared anxious not to push up rates.

After the official upward nudge to interest rates at the start of last week, it is recognised that any further move would have wide political implications.

The clearers have so far been reluctant to raise their base lending rates, not least because of the potential embarrassment during a period when large profit increases are being reported.

Nevertheless, a move may be forced on them next week, following a rise in the key one-week interbank rate yesterday of over ¾ of a point to 13¼ per cent, though most business was done at a lower level. This opens up a gap allowing customers to borrow on overdraft and re-lend at a profit in the markets. Three-month interbank rate was 14¼ per cent last night.

Financial markets were in a highly confused state. The immediate cause was an apparent misunderstanding of the Bank of England's operations in the money market at a time of general nervousness about the direction of interest rates.

The Bank's actions were intended to be neutral and in line with the market. It announced that £800m of bills maturing on September 1 would be issued (on top of a normal offer next week of £200m), but this was entirely for reasons of market management, to anticipate a surplus in the short term and shortage in six weeks, when there is a very large payment of Petroleum Revenue Tax. No message is meant.

These pressures were reflected in a rise of 0.73 points to 13.47 per cent in the Treasury bill rate at yesterday's weekly tender. This would have indicated a minimum lending rate of 14 per cent, against the present 12 per cent, under the old-market-related formula abandoned three years ago.

Another result was increased uncertainty in the gilt-edged market, where prices fell for the fourth day

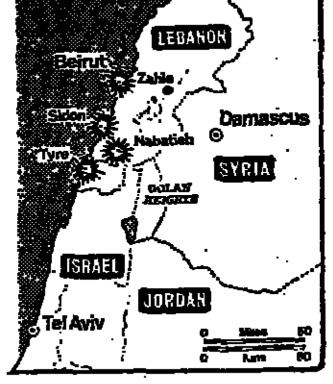
Sterling was slightly firmer against most currencies, though it fell back toward the close compared with the dollar to close in London at $1.8855.

Money markets, Page 23
Personal borrowers on see-saw, Page 6
Lex, Back Page

Beirut raided by Israeli air force

BY OUR FOREIGN STAFF

ISRAEL MOUNTED devastating air and sea attacks on Palestinian strongholds in Lebanon yesterday. The Israeli air force bombed Beirut for the first time in three years.



Casualties were heavy, with reports of up to 130 people dead and almost 500 wounded. Eye-witnesses saw several Beirut multi-storey office and apartment blocks collapse after being struck by repeated Israeli bombing runs.

In Washington, the U.S. State Department expressed concern about the raids and called for a ceasefire. The department announced that Mr Philip Habib, the U.S. presidential envoy to the Middle East presently in Saudi Arabia, was being dispatched to Israel.

The U.S. also delayed announcing until next week its decision on the supply of 10 F-16 fighter aircraft to Israel.

Some Government officials in Washington feared last night that the Israeli raids might be a preparation for a military move into southern Lebanon, using ground forces.

At the same time, Mr Menacham Begin, the Israeli Prime Minister, issued a statement warning that civilians in Lebanon might be in danger from further Israeli attacks.

"We shall continue to attack terrorist bases and headquarters even if they are purposely located in the vicinitq of or within civilian population centres," said Mr Begin.

The Lebanese Government called for an urgent meeting of the UN Security Council.

According to Israel, the raids were successfully aimed at the headquarters of two Palestinian guerrilla organisations—Fatah headed by PLE chairman Yassir Arafat and the Democratic Front for the Liberation of Palestine led by Mr Nayef Hawatmeh.

Witnesses watching from rooftops counted at least six Israeli bombing runs on South Beirut and saw several office and apartment buildings collapse.

Further south, Israeli aircraft, artillery and gunboats attacked a range of targets including Palestinian guerrilla positions and bridges across the Zahrani and Litani rivers. The pore of Tyre was shelled and in Sidon the local authorities reported four fishermen had been killed.

Israel's concentration on

Continued on Back Page

Merchant bank suspends its investment manager

BY CHRISTINE MOIR

SIR TREVOR DAWSON, chairman of the investment side of the merchant bank Arbuthnot Latham, has been suspended from duty pending investigations into his connections with Halliday Simpson, the stockbroking firm suspended by the Stock Exchange a week ago.

Sir Trevor, one of the City's best-known and most colourful investment managers, is responsible for Arbuthnot Securities, which has £140m of funds under management, £51.7m of which is in unit trusts and another £30m of which is invested for private clients.

Mr Michael Barrett, managing director of the investment company, has also been suspended. He and Sir Trevor hold many directorships within the group, which is in the middle of bid talks which could lead to its being taken over.

Yesterday Arbuthnot announced that the two men were on leave of absence "pending the outcome of certain inquiries instituted by the chairman of the group at the request of the Stock Exchange in connection with Halliday Simpson."

Last week the Stock Exchange took the unprecendented step of suspending the whole firm of Halliday because of the seriousness of the matters it had begun reviewing in March, after Chieftain Unit Trust group asked the Stock Exchange to investigate certain dealings which had come to its notice.

Just before Halliday was sus-

Continued on Back Page

£ in New York

	July 16	Previous
Spot	$1.8790-8810	$1.8900-8920
1 month	0.88-0.95 pm	0.70-0.75 pm
3 months	2.25-2.35 pm	2.05-2.15 pm
2 months	5.20-5.40 pm	5.05-5.25 pm

OVERSEAS NEWS

Reginald Dale casts an eye over the arrangements for next week's Ottawa economic summit

Pot plants and a room with a view for Mrs. Thatcher

ORGANISING a summit is always a nightmare, and it is doubly so for the Canadians, who have for the first time decided to split Monday's world economic summit between two places 60 miles apart. The first part of the meeting is being held way out in virgin Quebec countryside at the Chateau Montebello, the second in the east block of the Canadian Parliament in downtown Ottawa.

The reason, according to one of the 250 summit organisers, is to combine a day-and-a-half of total seclusion "in the Laurentian hills, amid the forests, streams and wilderness lakes so beloved by Canadians" with a more formal session in Ottawa, where the delegations can be in closer touch with their embassies.

The chateau is usually a resort hotel offering a year-round relaxation from fishing and tennis to cross-country skiing and tobogganing. It is said to be the world's largest log building. During their stay, the summitteers will be fed such delicacies as New Brunswick Fiddleheads, a vegetable fern, and Quebec Sugar Pie, which apparently resembles an English treacle tart. On Monday evening, they will be treated to what is described as "authentic Canadian-style entertainment." Mr. Derek Burney, Canada's former ambassador to South Korea, who is in charge of the organisation of the summit is reticent about what this means. He admits however, that "it will involve music."

Montebello was built in a mere four months in the 1930s depression as a neighbourhood project to provide work for the local unemployed—a fitting setting for a discussion of the economic problems of the 1980s.

In Ottawa, where the Parliament's east block has undergone a six-year, $15m restoration, the tone will be Victorian Gothic. The building once again looks as it did when it was built in 1865, complete wth stained glass windows, Victorian furniture and decoration and "simulated gas lighting."

Unfortunately, there are only three "museum offices" and Mrs Thatcher does no qualify for one. Pride of place goes to the two heads of State—Presidents Reagan and Mitterrand: The third goes to the longest serving head of Government, who happens to be Herr Helmut Schmidt. The consolation is that Mrs Thatcher has a nicer view and potted plants, and M Francois Mitterrand has to contend with an exceptionally stern picture of Queen Victoria gazing down at him from above the door.

The meeting room itself, the east block committee room, has been redecorated in a pearl grey and pale apricot—somewhat marred by a bottle green carpet with red and yellow spots—and endowed with an oval table seating 22. While each of the national delegations has three representatives at the table, the Europe Commission, represented by its President M. Gaston Thorn of Luxembourg, is entitled to only one. Under-the-table are bells for the leaders to summon their advisers from the ante-room as if they were footmen.

The summit will cost the Canadian Government about Can$7m (£3m), a figure comparable, the Canadians say, to the cost of the last two summits in Tokyo and Venice. Telecommunications, including the including the installation of direct lines to each participant's national capital, account for Can$1m security Can$2m and logistics, including transport, accommodation and interpretation Can$2m. Gratifyingly, or embarrassingly, the largest single item is Can$2.5m for "media relations," which includes everything from press hand-outs to "hospitality" for the 1,500 journalists.

The language-conscious Canadians insist that it is coincidence that the summit is being divided more or less equally between English and French-speaking areas. But they went to great trouble to work out which language should be used for the informal sessions—two dinners and one lunch—at which there is only "whisper interpretation." This is conducted by an interpreter discreetly muttering into his master's ear.

English won the day by a majority of one. The Canadians worked out that three of the participants prefer English—President Ronald Reagan, Mrs Thatcher and Chancellor Schmidt. Two are bilingual and do not mind — (Mr Pierre Trudeau and M. Thorn. Two do not speak English but speak French, M. Mitterrand and Sig Giovanni Spadolini. And one would need translation in either case—Mr Zenco Suzuki. There would clearly have been a problem if Mr Suzuki had spoken French.

The biggest headache for the host at such meetings is security. Protecting the Western world's leaders over the next few days "is probably the greatest task ever faced by Canadian police forces, the organisers say Scuba divers will be on patrol under the surface of the Ottawa River—at the Venice summit last year, there were armed frogmen—and all border crossing points into Canada will be watched. But the U.S. secret service covering President Reagan will have to leave their guns at home. "The long-standing Canadian law that prohibits the carrying of firearms will be strictly enforced," the Canadian authorities say stiffly. Unless they are grounded by summer thunderstorms, the heads of government will shuttle to and fro by helicopter.

But the government has also ordered seven special Chevrolet Impala armoured cars at $86,000 each from the General Motors plant in Oshawa, Ontario. They were driven down to Cincinati, Ohio to be bullet-proofed by a U.S. company specialising in the latest in James Bondery, including remote starting devices, and bomb scanners. Afterwards they will be shipped to Canadian posts abroad "as part of the Department of External Affairs ongoing personal safety programme."

But wait a minute—only seven armoured cars? Do they not mind if M. Thorn, the European Commission President, is blown up. M. Thorn himself has the obvious answer. "I am so popular, I don't need one," he says.

Thousands dead as flooding sweeps China

BY TONY WALKER IN PEKING

THOUSANDS of people have been killed and hundreds of thousands left homeless in one of the worst flooding disasters in China's history. More than a million acres of crops have been damaged or destroyed.

Authorities in the south-west Sichuan Province, China's most densely populated province, said yesterday that 3,000 were known dead and between 50,000 and 100,000 injured.

The floodwaters are now racing down the Yangste, towards the newly-built Gezhouba dam at Yichang in Hubei, just below the Three Gorges.

According to the People's Daily, the Communist Party newspaper, the surge will hit the multi-billion dollar power project sometime today.

As steps were being taken to protect Gezhouba yesterday, the authorities said they were confident the dam would come through relatively unscathed.

Officials are also concerned about towns and farmland further down river from Gezhouba. Towns which are preparing to combat the floods are Shahsi and Wuhan, central China's most important industrial city.

As Hubei province escaped the drenching rains that fell in Sichuan, these towns are not thought to be in much danger. But agricultural land in Hubei, an important rice growing area, is in danger.

The disaster was caused by the 19 inches of rain which fell in less than a week. The rain swelled tributaries of the Yangtse River, China's main waterway, causing several to burst their banks.

In Sichuan, the local officials say the worst has now past.

The destruction of crops is particularly serious for China which has not yet recovered from the effects of a severe drought in the north and floods in the rice-growing areas of Hubei.

China, earlier this year, asked the United Nations disaster relief organisation for help. An appeal has subsequently launched for grain to help the Chinese out of their difficulties. Now China may be forced to go to the U Nagain.

Local authorities say that two-thirds of crops in the flooded areas have been ruined and that it may be difficult to save the remaining one-third. People's Liberation Army soldiers have been called in to help clean up the mess and provide essential services. Food, clothing and what are described as life-saving materials are being rushed to the stricken areas.

The New China News Agency said yesterday that 25 counties an duities in Sichuan province were affected by flooding. It is thought that as many as 10m people live in the affected area, about one-tenth of the provincial population.

To prevent similar disasters in the future, the Chinese Government hopes to follow the Gezhouba project with a much more ambitious series of dams to control the Yangtze.

Apart from providing power for Hubei Province, the new dam is designed to slow down the flow. It may be the forerunner of a much more ambitious damming. This would control the river at Three Gongs where its flow is most furious. It would also create a vast inland lake.

Kania, Jaruzelski top the voting for Central Committee

BY CHRISTOPHER BOBINSKI AND ROGER BOYES IN WARSAW

POLAND'S ruling partnership of party chief Stanislaw Kania and Premier Wojciech Jaruzelski has been re-elected to the country's governing Central Committee.

But a large number of the old leadership have been eliminated by delegates voting in Poland's emergency party congress. Those dropped from the Central Committee include hard-liners Tadeusz Grabski and leading liberals like Tadeusz Fiszbach.

But the 1,950 delegates—attending the first Communist Party Congress ever held by secret ballot—seem to have voted more to show their displeasure at the party establishment rather than according to carefully thought out political preferences. Nonetheless there seems to have been a tendency to vote against the extreme of Left or Right.

Top of the poll was Mr Jaruzelski with 1,615 votes, followed by Mr Kania with 1,337 votes—a clear vote for continuity in Poland's leadership and its moderate centrist reform course. Mr Kania's chances of re-election as party chief have thus become much stronger.

The unpredictable nature of the Congress was vividly illustrated by the election of both a prominent hard liner Mr Stefan Olzowski, and a prominent liberal, Mr Mieczyslaw Rakowski.

Poland now has a Central Committee which is full of unknown politicians, though notorious hard-liners like Mr Albin Siwak—a senior member of the old trade union establishment—have retained their seats. This gives some hope to the anti-reformers within Poland's ruling United Workers Party.

The reasons for many prominent members losing their seats range from past blunders to tactical errors at the present congress. Mr Mieczyslaw Jagielski, the deputy Premier, who played an important decision-making role in the disgraced Gierek leadership, has lost his seat.

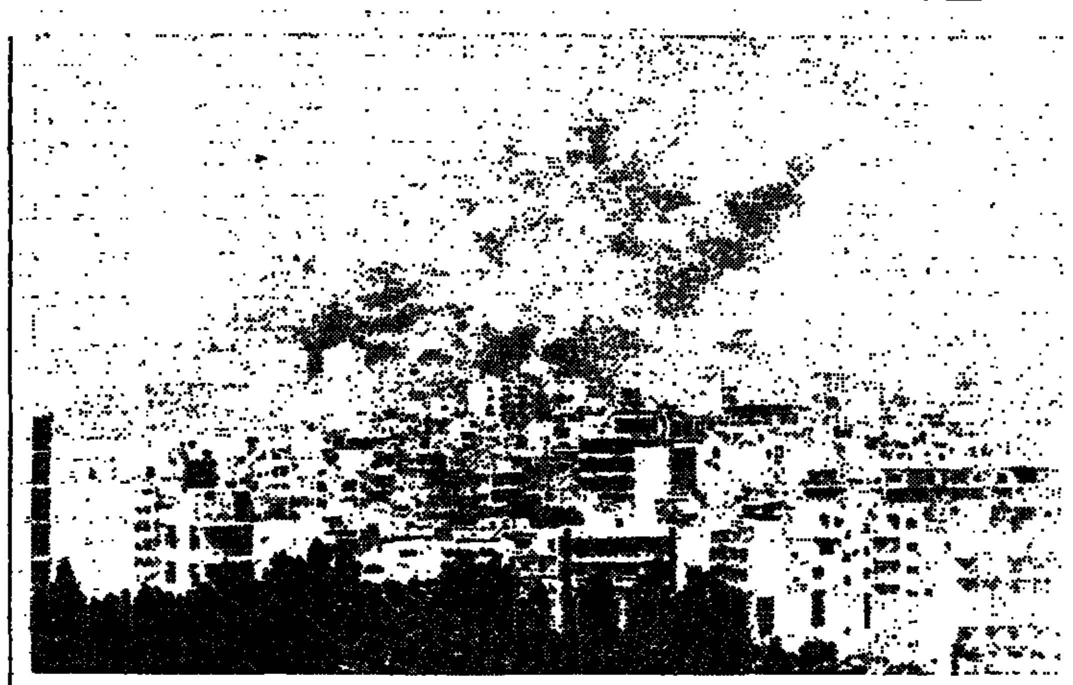
Mr Henryk Jablonski, head of the collective Presidency, also lost his Central Committee seat, reflecting delegates' discontent with political corruption of the past decade.

On the other side of the fence some liberals seem to have suffered from the impact of a hard-line propaganda campaign. Victims include leading reformists such as Mr Jozef Klasa.

But Mr Rakowski, another liberal, seems to have avoided this fate by making a passionate speech at the congress this week. This fired the delegates' enthusiasm and won widespread approval within the nation.

● Polish dock workers yesterday threatened an indefinite strike from Thursday unless the Government agrees to their demands for improved pay and conditions.

Christopher Bobinski adds from Warsaw: *Poland's debt to the West will reach $26.5bn by the end of the year while annual interest payments will reach $5bn by 1985. Mr Richard Karski, the Minister of Foreign Trade, said yesterday.*



Smoke rises over Beirut after Israeli jet fighters bombed the Lebanese capital. It was the second Israeli raid on Palestinian targets in two days.

NZ prepares for riots as tour starts

By Dai Hayward in Wellington

JOURNALISTS from all over the world have flooded into New Zealand in unprecedented numbers to report on the South African Springbok rugby tour which starts tomorrow.

They have been drawn—not by the prospect of reporting on matches but by the possibility of riots and bloodshed among New Zealanders.

The cool calculations of the opinion polls, the latest of which shows that 54 per cent of the population are against the tour, cannot mask the ferment of discord and the air of an impending explosion.

Mr Robert Muldoon, the Prime Minister, his police chief and South African diplomats are under round-the-clock armed guard.

Protesters have already made their mark by sprinkling weedkiller and broken glass on pitches where the Springboks are to play. Worse could follow. Pamphlets containing instructions for making petrol bombs have been distributed in at least one major city.

While outright violence may be expected only from the fringe, there is no doubt of the strength of feeling in the country against the tour. Protest marches around the country have attracted processions of more than 50,000 people.

Church leaders, sporting bodies, politicians, the Human Rights Commission and trade unions have appealed without success for the visit to be called off.

Mr Muldoon has repeated his claim that while he opposes the tour, it would be a contravention of human rights to ban it.

Giving in to international pressure and threats from black African countries by refusing visas to the Springboks would be to surrender to blackmail, Mr Muldoon said. Many who oppose the tour agree with him, but they believe the price New Zealand will have to pay, both nationally and internationally, is too high for a few games of rugby.

The Government has tried to shift the responsibility on the New Zealand Rugby Union, but the NZRU stands by its invitation, repeating that its job it to run rugby. It is the Government's job to run the country and foreign affairs.

Clashes between anti-tour protesters on the one side and rugby supporters and the police on the other now seem inevitable in the next few weeks.

This — and the estimated NZ$2.5m cost of policing the tour — is why many New Zealanders, including many rugby followers, believe the Government should stop the tour

Senate votes to index tax rates

By David Buchan in Washington

THE REPUBLICAN-dominated Senate has parted with the Reagan White House by voting to index income tax rates to the pace of inflation from 1985 onwards.

But the move, which would raise tax brackets by the same percentage as the consumer price index rose each year, may well not survive objections from the Administration and opposition from the House to become law.

President Ronald Reagan is pushing for a 25 per cent income tax cut spread over three years, while the Democratically-controlled House Ways and Means Committee, which is the constitutional initiator of tax legislation, has approved a tax relief bill amounting to 15 per cent over two years.

Neither wants automatic annual cuts, which is what indexing in an inflation-prone economy would mean.

Besides going different ways so far on personal tax relief, the Senate and the House Ways and Means panel have diverged sharply on business tax cuts.

Both Houses of Congress have now passed a $136bn defence authorisation Bill for the 1981-1982 fiscal year starting October 1.

This is a $26bn increase over this year's level. Democrats and Republicans are virtually unanimous on the need for more defence spending, and the new Bill includes money for all the major weapons programmes which the Administration sought.

Fall continues in French output

BY TERRY DODSWORTH IN PARIS

THE FRENCH economy is suffering from a continuing decline in output, while exports to its main trading partners in Europe and the U.S. are deteriorating.

According to figures published yesterday the production slump, down by 0.8 per cent last month, and 8.1 per cent on an annual basis, has been translated in the labour market into a further rise in unemployment, which reached 1.82m at the end of June.

The latest monthly Bank of France report on industrial prospects says that the only really bright spot in the current situation is the increase in demand for consumer goods.

Sales in this area went up by about 2 per cent last month, and are expected to be maintained at the present level, with probably a further seasonal improvement when the new school year begins in mid-September.

On the heavy industry front, however, both home and export sales were flat during June.

Although the improvement in the terms of trade caused by the fall in the franc against the dollar helped French industrialists, this was not sufficient to make much impact, and the trade deficit with the U.S. amounted to FFr 2.2bn (£203m) against FFr 1.7bn with West Germany.

Supplementary budget measures, designed by the new Socialist Administration to inject fresh finance into the economy and raise new redistributive taxes, were passed by the National Assembly

Ireland may introduce public sector pay freeze

BY STEWART DALBY IN DUBLIN

THE NEW Irish Government of Dr Garret FitzGerald will announce a supplementary budget next Tuesday, which is expected to include a public sector pay freeze and an increase in Value Added Tax, exise duties and social insurance and health contributions.

The Prime Minister considers a supplementary budget necessary because of the enormous public sector borrowing requirement, and the escalating deficit on current account of the balance of payments.

The public sector borrowing requirement on current account has been estimated for this year at I£950m (£790m), almost double what the last Government budgeted for.

The vote on the supplementary budget next Tuesday, Wednesday and Thursday will be seen as votes of confidence in Dr FitzGerald's Government. He has only a slender majority in the 160-seat Dail.

Lisbon puts curb on private borrowing

BY DIANA SMITH IN LISBON

PORTUGAL'S Centre-Right Government has ordered cuts in state spending, put some brakes on private borrowing and raised the prices of oil derivatives, in an attempt to ease strains on the balance of payments of the current account.

After lavish spending in 1980, Portugal is faced with a 1981 current account deficit of $1.7bn (£944m)—7.5 per cent of Gross Domestic Product.

Maintaining that the public sector must set an example of containment, Sr Morais Leitao, the Finance Minister, announced yesterday that capital spending by Government departments would be reduced by 7 per cent this year, and that a cut of 10 per cent must be made in the spending of all state-owned enterprises.

At the same time, he said, no foreign loans could be taken out by a state-owned company without the authorisation of the Bank of Portugal. The stronger state-owned concerns have been able to resort to the Euromarkets quite freely—a privilege not afforded to private companies.

Sr Morais Leitao disclosed that this year, it will cost Portugal $3.7bn to service its foreign debt. This debt was $7.68bn at the end of 1980. Since then, the country has taken a further $500m loan with what Sr Morais Leitao called "the best terms ever granted to us."

The Finance Minister stressed that it was precisely to uphold Portugal's good international rating that the Cabinet intended to manage the double challenge of inflation and the balance of payments as effectively as possible.

To dampen private borrowing, interest rates have been raised, for the first time in four years. For short-term transactions, the increase is 2 percentage points, and for deposits of more than one year, 1 per centage point—making new long-term range of 21-22 per cent.

Furthermore, domestic rates in future will reflect fluctuations in international interest rates.

Banks have been instructed to increase their compulsory reserves to 10 per cent. Until now, these were 7 per cent of deposits.

Sr Morais Leitao revealed that, despite the monthly credit ceilings imposed by the Bank of Portugal, credit grew by 30 per cent in the first half of 1981—an "intolerable" figure.

He voiced the hope that the Portuguese would now save more and, especially, put their savings into bonds or productive investment.

Oil derivative prices go up from today. A litre of petrol will cost Es55 (47p), a 10 per cent increase compared with the price set in December, 1980, while the price of fuel oil, on which industry is heavily dependent, has been increased by 20 per cent.

Hard-liner opposes Polish party split

BY CHRISTOPHER BOBINSKI IN WARSAW

A LEADING member of the hard-line Katowice Forum, which reflects Soviet thinking, has come out against moves to split Poland's Communist Party.

Mr Szczepan Wysocki told the Polish students' union news service in an interview that the "fight for a Communist Party is to be conducted inside the party itself.

"All attempts to form a new Communist Party alongside the Polish United Workers' Party would split the Party and weaken it . . . this would also mean weakening the entire Socialist community," he said.

The statement indicates that despite deep Soviet fears about social democratic trends inside the Polish party, the forum has no intention of splitting the party at the moment.

Its tactics are to work against prominent figures in the Polish party who are seen by Moscow as being dangerously radical. The political activities of the Forum group at the congress itself shows whom it considers these people to be.

In an open letter to the congress, the Forum names Mr Mieczslaw Rakowski as "unworthy" of delegates' support. The others are Mr Krystyn Dabrowa, first secretary in Kracow, Mr Jozef Klasa, who until recently was the head of the radio department, and Mr Maciej Szumawski, the editor of the Kracow party paper.

The letter also contains an attack on Mr Stefan Bratkowski, head of the Polish Journalists' Association.

Italians debate how to reduce state spending

BY JAMES BUXTON IN ROME

THE ITALIAN Cabinet meets today to decide how to cut public spending in the face of a public borrowing requirement running 30 per cent ahead of the year's target.

The new Government of Sig Giovanni Spadolini hopes to cut some L12,000bn to L13,000bn (£5.8bn) from public spending this year, partly by postponing spending on certain items until next year.

It also intends to renew decrees issued by the outgoing Government of Sig Arnaldo Forlani cutting L5,000bn from this year's spending, mainly in the form of savings on health, social security and transfers to local authorities. The decrees have yet to be passed by Parliament within the necessary 60 days. If the cuts are to stand, new decrees must be issued.

This year's public borrowing requirement was originally projected at L37,500bn. In the first five months of this year, however, the deficit was running at an annual rate of about L50,000bn. With inflation running at about 20 per cent a year, Government spending cuts have become essential.

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Rightist leader Blas Pinar salutes protestors in Madrid

High noon for Spanish Right in Aranjuez

BY TOM BURNS IN MADRID

WHEN THOUSANDS of neo-Fascists begin pouring into the pretty little town of Aranjuez, near Madrid, this afternoon to celebrate the 45th anniversary of the Civil War uprising in 1936, the chances are they will find that most of the local people have left town for the day. Since the attempt in February to bring the military back to power, the passions and the dreads of two eternally confronted Spains have lain close to the surface.

That the traditional July 18 rally organised by Fuerza Nueva (New Force) should be held in Aranjuez, 20 miles south of Madrid, is in itself a comment on a society made jittery by recent events. Fearing disturbances, the Madrid City Council, which is controlled by Socialists and Communists, last week cancelled a booking for the capital's massive bullring — the traditional site.

An attempt to stage the rally in the bullring at Guadalajara, the nearest provincial capital to Madrid, was turned down by the town's Socialist mayor.

The neo-Fascists finally managed to hire the Aranjuez bullring which is owned not by a local council but by Spain's National Trust, an organisation run by the former head of Gen. Franco's civil household. It was left to the mayor of Aranjuez, again a Left-winger, to announce that he would lead his townspeople elsewhere for the day. This suggests High Noon.

Such events usually draw middle-aged, middle-class people with a hankering for the past and a large number of youths who don the blue shirts and red berets of the Movimiento Nacional, the only political organisation that was tolerated by the dictator. Anthems are sung, banners are waved, the youths perform an indifferent drill and all raise their right arms in the fascist salute.

The climax of the meeting is a fiery speech by Fuerza Nueva's founder and president, Sr Blas Pinar, a rich public notary who was the party's sole success in the 1979 elections when he won a Congress seat representing Madrid. The theme of his harangues has remained unchanged throughout Spain's political transition since the death of Gen Franco. Spain faces anarchy and dismemberment because democracy is fundamentally un-Spanish. His diagnosis compares today's political violence and economic difficulties with the apparent peace and prosperity of Francoism.

The atmosphere is invariably rather camp as are the gauntleted teenagers. But for many Spaniards, and particularly those living in Aranjuez, the tension surrounding this year's rally is as deeply felt as was the palpable fear during the night of February 23, when Guardia Civil held the Parliament hostage.

According to the mayor of Aranjuez, Sr Eduardo Garcia, groups of Fascists gathered around his town hall that night and fired shots at the building. Similar incidents were reported in other towns and villages. Many democrats went into hiding and burned documents during the night.

Public confidence in the stability of the system continues to be skin-deep. Sr Garcia has gone to extraordinary lengths to urge authorities to ban the rally. He even led a sit-in by 25,000 people on the national highway that passes through the town. Police broke up the protest with smoke bombs and the mayor has now said he will vacate the town during the Fascist festivities.

The Government has promised extra police to ensure the rally is peaceful. Constitutionally, it probably could not ban the rally even if it were politically prudent. The extreme Right-wing points out that the Left had its day on May 1 when a march in Madrid was joined, among others, by British veterans of the International Brigade which fought alongside the Republican forces in the Civil War.

For all Spain's modernity, the ghosts of the past live on. Spaniards have still not reconciled, as Sr Adolfo Suarez, the former Prime Minister often said, that all they have to fear is fear itself. On the anniversary of the Civil War's outbreak and with February 23 a recent memory, Spaniards may be forgiven for such a failing.

Hedderwick seeks to jail de Souza

BY RAYMOND HUGHES AND CHRISTINE MOIR

HEDDERWICK Stirling Grumbar, the stockbroking firm which collapsed in April, will ask the High Court on Monday to jail Mr Agnello de Souza, a former employee, for contempt of court.

The company, through Mr Martin Fidler, its liquidator, contends that Mr de Souza has broken undertakings given to the court.

The undertakings were given at a preliminary private hearing before the Commercial Court in a damages claim by Hedderwick against Mr de Souza and others.

In its writ, issued in April, Hedderwick claimed damages from Mr de Souza for breach of duty and/or trust and/or negligence as manager of Hedderwick's gilt-edged securities settlement department.

The company also sought an injunction stopping Mr de Souza *removing from* the UK courts' jurisdiction any of his assets, to a maximum of £1,934,412, held on deposit with the Chemical Bank and in any account with National Westminster.

A similar injunction was claimed to stop Mr de Souza, Mrs E. Christopherson, his sister-in-law, and Mr F. Gomez removing from the UK money at the two banks in which they *have an interest.*

A declaration was sought that all money received by the three defendants as a result of investments carried out by Mr de Souza should be paid to Hedderwick.

The writ also sought an order that by May 1 this year Mr. de Souza should give Hedderwick's solicitors a sworn statement giving details of investments he carried out, the source of the funds for the investments, the whereabouts of the proceeds and other related matters.

Hedderwick was "hammered" on the Stock Exchange on April 10, when its banker, National Westminster, refused to handle cheques to cover its gilts dealing for the day.

These included a cheque for £1.7m in settlement of an account with Akroyd and Smithers, the jobbing firm, which had earlier deposited £1.9m *to Hedderwick's account* as part of the same transaction. Akroyd is now suing Hedderwick for return of its cheque.

The deals were done on behalf of Farrington Stead, a Manchester firm of gilts investment managers, which is being wound up and is the subject of several writs from Hedderwick.

Mr de Souza was at one stage a shareholder in Farrington Stead.

Hedderwick is also suing Mr Terence Webster, Mr de Souza's former superior in the gilts *department.* *Mr Webster* was expelled from the Stock Exchange last year some time after leaving Hedderwick.

Industry in surplus as stocks run down

BY DAVID MARSH

BRITISH INDUSTRY went into financial surplus in the first quarter of 1981 after being heavily in deficit in 1980, according to Government figures published yesterday.

Companies were able to improve their finances through large-scale cuts in stocks and profits improved slightly compared with the end of last year.

The Central Statistical Office revealed that industrial and commercial companies repaid large amounts of bank credit and continued to build up liquid assets in the first three months of the year, although borrowing from other sources expanded.

Comparing six-month periods, which gives the best picture of the underlying trend, companies' undistributed income (profits less dividends and taxes) for the period October-*March fell to* £5.78bn, seasonally adjusted, from £5.97bn in the previous six months.

Income improved sharply in the first quarter—partly reflecting *increased gross trading profits*—but remained well below the level of the same period in 1980.

Industry's overall financial position moved into a surplus *of £715m in the first quarter* from a deficit of £208m in the final three months of 1980—the first surplus since the second quarter of 1979.

During the October-March period industry registered a surplus of £507m compared with a deficit of £2.22bn in the previous half-year.

The turn-round was achieved by accelerated stock reductions, which more than counter-balanced the fall in income between the two periods.

Companies ran down the value of physical stocks and work in progress during October to March by £3.52bn, more than three times as much as in the previous six months, when stocks fell by £1.12bn.

Industry's net borrowing requirement in the latest six months fell to £1.33bn (£1.67bn). This was made up of repayments of £986m to the *banks, the largest for several* years, nearly all of which came in the first quarter.

There was a big increase to £4.23bn in borrowing from *other sources. More than half* of this was through purchases of commercial bills by the Bank of England, with new share issues accounting for most of the rest.

Babcock to buy BP stake in boiler group

By Martin Dickson,

BRITISH Petroleum is selling is 50 per cent stake in *Fuidised Combustion Contractors*, a boiler technology company, to the Babcock group, its partner in the venture.

FCCL, based at Crawley, *Surrey, was set up in 1979* between BP and Babcock Contractors, a subsidiary of Babcock International, to develop fluidised bed combustion by offering an engineering design and contracting service.

Fuidised bed combustion is a new method of burning coal and other materials which cuts pollution and allows a much wider range of fuel to be used than in a conventional boiler.

Two types of technology are under development—atmoare under development—atmospheric boilers, similar to conventional ones, and pressurised plant, employing both gas and steam turbines for use *in big power stations.*

In setting up FCCI, BP was interested mainly in the development of pressurised combustion and it hoped that *the Government might provide* aid for this.

However, no government help materialised and it is clear that pressurised technology is still a long way from commercial application. This has evidently led BP to withdraw. The company yesterday would not say how much Babcock had paid for its shareholding.

However, atmospheric fluidised bed techniques are advancing rapidly and Babcock, a leader in the field, *made it clear yesterday that* it was pressing ahead with commercial development.

FCCL is being restructured as part of Babcock Power, *the group's* boilermaking company.

Babcock Power plans to launch later this year a fluidised bed shell boiler which has ben developed with National Coal Board scientists and which is suitable for use by industry.

The company has also set up the first commercial scale *fluidised bed boiler in Britain* at its Renfrew, Scotland, works, to test the new technology.

● Oil consumption in the non-Communist world fell by more than 5 per cent last year compared with 1979 and the UK recorded one of the steepest drops, according to BP.

The company's annual Statistical Review of the World Oil Industry shows that world primary energy consumption fell for the first time *in two decades from* 6.933bn tonnes of oil equivalent in 1979 to 6.882bn tonnes last year.

The drop is attributed largely to the international recession, though energy conservation appears to have played some part and there has been a switch away from expensive oil to lower priced fuels.

Consumption dropped 8.8 per cent in the U.S., 9.1 per cent in Japan and 6.8 per cent in Western Europe, though *Britain recorded* a drop of 14.8 per cent and West Germany 10.8 per cent.

BP estimates that demand among Western nations has fallen a further 4.5 per cent so far this year but believes this will bottom out as the recession eases and rise again with recovery.

Non - Communist world *demand is expected to stabil*ise at around 47m barrels a day this year, compared with 52m b/d in 1979.

ICL changes aimed at boosting recovery

BY GUY DE JONQUIERES

ICL, Britain's troubled large computer manufacturer, yesterday announced changes in its internal organisation and management structure intended *to improve its chances of* recovery.

This is the first big reorganisation undertaken by Mr Robb Wilmott, ICL's managing director, since he was appointed by the Government in May. Further changes are expected in the coming months.

The members of the company's senior management remain unchanged, although some have shifted responsibilities. Two younger executives have been promoted to important newly-created posts.

The main changes are:

● Development of large and small computers has been split into sheparate divisions. ICL has been criticised for concentrating too heavily on big machines at the expense of small ones, and the arrangement is intended to result in more effective us of its development resources.

● *The creation in the big* computer development division of a special group to work on data communications. This is intended to strengthen ICL's expertise in an important field in which it has been a weak performer.

The head of the group has not been named and may be sought from outside the company.

● *The establishment of a power*ful product marketing division, which will lead and co-ordinate all aspects of ICL's future product, sales and manufacturing strategy. Mr Ninian Eadie has ben promoted from inside ICL to run the division.

● The creation of an application systems and services division to be headed by Mr Tim Holley, another younger executive. Its main responsibility will be to expand the supply of programmes needed by ICL customers to perform a variety of tasks on their computers.

● The regrouping of responsibility for worldwide inventory control, previously widely dispersed throughout the company, under the manufacturing division.

The immediate purpose of these moves is to streamline the company's internal reporting structure and to enable it to come to grips with the task of planning its product strategy for the next five years.

In the longer term, the aim is to reorganise ICL progressively into product groups,

Continued support for Airbus programme

By Michael Donne,

THE GOVERNMENTS of the UK, France and West Germany are anxious to encourage further collaboration on aerospace programmes, and especially on the new 150-seater A-320 version of the European Airbus.

The Ministers of the three countries responsible for aerospace—Mr Norman Tebbitt, *Minister of State in the* Department of Industry, Herr Martin Gruner of West Germany, and M Charles Fiterman, French Minister of State for Transport—met in London yesterday to discuss this continued collaboration.

Plans for the development of the new version of the Airbus, the A-320, figured largely in their discussions. The French Government has already given its support to this venture. Air France has ordered 25 of the aircraft with 25 on option.

The aerospace *industries of* the UK and West Germany have not yet submitted their detailed proposals to their governments, setting out the parts of the aircraft on which they want to work, and the estimated funds these programmes will require.

British Aerospace is thought to be close to completing its detailed plans, and will submit them to the Department of Industry within the next few weeks.

BAC is interested in *developing not only the forward-fuselage* (including the flight deck) of the A-320, but also undertaking final assembly in the UK, possibly at Filton, near Bristol.

This would give the UK over 30 per cent of the programme, and involve an investment of upwards of £250m over the next few years.

It appeared from yesterday's meeting that the Ministers are in principle in favour of developing the A-320, but are not prepared to commit *themselves until they* have studied the detailed proposals.

Nevertheless, it seems likely that a final decision in favour of the programme will emerge before the end of this year. In the meantime, work on the venture, paid for both out of Airbus Industrie's own funds, and by the existing partners in the consortium (including BAe), is going ahead.

The A-320 is intended to be built in two versions, one a Series 100 seating between *130 and 150 passengers, and a* Series 200 seating between 150 and 170 passengers. Airbus Industrie believes there could be a market for upwards of 2,400 of such short-to-medium range aircraft between now and the end of this century.

Cost of cutting 'could save £210m

A TOTAL of £210m a year could eventually be saved on government spending by *cost cutting exercises proposed by* Sir Derek Rayner who has been advising the Cabinet on public sector economies.

In a written House of Commons reply yesterday, the Prime Minister said that £39m should be saved in the current year as a result of the implementation of some of Sir Derek's proposals.

Safe maker to shed third of its jobs

SAFE - MAKING company John Tann Security is to cut its workforce by about one third with the loss of 140 jobs because of declining orders.

Most of the jobs lost will be at the Borehamwood, Hertfordshire factory. The redundancies affect mainly engineering employees.

Window company closes two plants

ALCAN Design Products, the aluminium window manufacturers, closed down its two factories in Wellingborough, Northamptonshire, and another in nearby Earls Barton yesterday, with a loss of nearly 90 jobs.

University redundancies

UK UNIVERSITIES cannot afford to make redundant even the 20 per cent of their 47,000 academic staff who are not legally entitled to employment until retirement age, the Committee of Vice-Chancellors and Principals said in London yesterday.

Seven added to Bank's list

TWO LEBANESE banks are among seven financial institutions added to the Bank of England's monthly list of licensed deposit-taking institutions (LDTs) bringing the total number operating in the UK to 301.

The two Lebanese banks are the Beirut Riyad Bank SAL and the Byblos Bank SAL. The other new LDTs are: the Development Bank of Singapore, Houston Financial Ser- vestments), Rhone Trust and vices, W. M. Mann & Co (In- Universal Credit.

Communications venture presses for rapid approval

BY GUY DE JONQUIERES

THE CONSORTIUM formed recently by Cable and Wireless, British Petroleum and Barclays Merchant Bank to build a £50m independant communications network stepped up pressure on the Government yesterday to grant approval to the project.

Mr John Bird, managing director of communications systems and services at Cable and Wireless, said that it was vital for the consortium to place orders *for equipment* with British manufacturers before the end of this year.

The consortium wanted to have the network in operation by 1983, when it was expected to be *the biggest and most* advanced system of its kind in the world. It could give Britain an international lead in communications technology.

The project will only go ahead if the Government decides to liberalise telecommunications policy by allowing private companies to compete with British Telecom in supplying services and operating independent networks.

A Cabinet decision had been expected this week but has been delayed until next week, after Mrs Thatcher, the Prime Minister, returns from the world economic summit in Ottawa.

Mr Bird said that though liberalisation policy required a decision by the Cabinet, he believed that only the Industry Department had the technical qualifications and experience needed to judge the consortium's project.

The department has been pressing for sweeping moves to free competition in telecommunications. But some other ministries, including defence, are understood to support British Telecom

Lack of orders brings tinplate works 'holiday'

BY ROBIN REEVES

THE BRITISH STEEL Corporation's three South Wales tinplate plants at Trostre, Velindre and Ebbw Vale will close for an extra week's holiday in the first week of September because of lack of orders.

The Velindre works, near Swansea, which bore the brunt of BSC's redundancies in tinplate, under its "*survival plan.*" will be put on short time. It is already manned to only one-sixth of potential operating capacity.

BSC blames bad weather and competition from imports. The week's closure will affect about 6,000 workers.

"Unseasonal" weather has depressed demand for canned drinks, one of the tinplate industry's main outlets.

Velindre union representatives have been told that BSC will apply for aid under the Government short-time compensation to cover the further cut in output.

Hoover, which recently called for 500 more redundancies in the 3,200 workforce at its Merthyr Tydfil washing-*machine factory, has announced* suspension of nightshift working there.

In North Wales Hotpoint announced short time for the 1,600 workers at its Llandudno Junction washing - machine plant. From next month they will work only two weeks out of three.

Both companies blame continuing poor *sales due to the* recession.

Chairman of hydraulics research company named

BY DAVID FISHLOCK, SCIENCE EDITOR

PROFESSOR Sir Alan Harris, senior partner of Harris and Sutherland, the engineering consultants, is to be chairman of a new company planned by the Environment Department to run its hydraulics research station at Wallingford, Oxon.

Mr Michael Heseltine, Environment Secretary, yesterday said he had set up a shadow board under Sir Alan's chairmanship to act on behalf of the prospective company.

Mr Heseltine has decided that the laboratory—one of his department's research centres *since 1971—shall become* a contract research organisation in the private sector. He said only 20 per cent of the laboratory's work was for the department.

The laboratory's speciality is large-scale water undertakings such as dams, flood barriers, and, more recently, wavepower.

Brittan considers U.S. public sector policy

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT has reaffirmed its determination to open up the nationalised industries to market forces.

Mr Leon Brittan, Chief Secretary to the Treasury, said yesterday that there were many ways of doing this, the best being full privatisation. He went on, *however, to air an idea* —which at this stage was "purely speculative"—based on the U.S. approach to certain public utilities.

Such an approach could, perhaps, show the way to dealing with "then entrenched natural public sector monopoly." he said. It would involve breaking down such monopolies on a regional basis, *and estab*lishing a regulatory agency, independent of the Government, to ensure that the undertaking did not abuse its monopoly power.

Mr Brittan's speech emphasised that the Government has a coherent policy towards industry. He summarised this as:

● The reduction of inflation, which remains the main priority.

● The improvement of market efficiency, involving steps to stimulate the supply side of the economy.

● Privatisation, including the handing back of whole industries or parts to private sector control, and other means of extending the operation of market forces where straightforward transfer to the private sector was not possible.

● Government support for industry. While strongly believing that industry is best managed by the private sector, *Mr Brittan said that* there were ways in which the State should assist. These included support for concerns such as BL and the British Steel Corporation; areas where the Government could bring useful influences to bear, such as through public purchasing and the encouragement of innovation.

Hambros case adjourned

THE HIGH COURT action in which Hambros, the merchant bank, is alleged to have been part of a conspiracy to damage a subsidiary of the Laurence Scott group, was adjourned yesterday until October.

The long adjournment was necessitated by the fact that Mr Richard Yorke, QC, the defendants' leading counsel, is committed to another case in the House of Lords next week.

At the end of the month the courts close for the two-month summer recess.

Yesterday Scott and its subsidiary, PPD Engineering, completed the evidence in support of their claim that Mr Roy Ashman and Mr Henry Lally, two former PPD directors, backed by Hambros, conspired so to weaken PPD that Scott would sell it cheaply to Harland Simon (1980), a rival company set up by the two directors while still with PPD.

The defendants, *who deny* conspiracy, will present their case when the hearing resumes.

Two-year wage deal brings peace to port

BY PAULINE CLARK, LABOUR STAFF

THE LONGEST disruption in the history of Southampton docks came to an end yesterday when a mass meeting of dockers accepted a two-year pay deal.

The deal is likely to be studied closely by other port employers seeking greater financial stability in the trade recession.

Following acceptance of the union-inspired *formula* at a mass meeting representing some 1,600 registered dockers, the port *expects to return today to* a full 24-hour service, for the first time in nearly three months.

The pay formula put to port employers by the Transport and General Workers Union earlier this week gives the dockers an £11 increase on basic rates to £105 a week, worth about 10 per cent on earnings for the first six months of this year. Another 5 per cent will be spread over the next 18 months until the end of 1982.

The British Transport Docks Board, the dominant employer in Southampton, said the deal will help the port to regain the confidence of shippers who have suffered delays in cargo handling services since April because of the dispute.

Elsewhere in BTDB ports, this year's 12-month dockers settlements have cost an average 8-9½ per cent on wage bills.

The National Association of Port Employers yesterday said the deal is an "interesting development" for other ports, which begin the new dockers' annual wage round in the autumn.

Southampton has yet to calculate the cost of the dockers dispute, which led to the port's first industrial action in February. Certainly the cost amounts to several million pounds.

A programme of lightning strikes early in the year led to a decision by employers to close the port for three weeks in March. Since April 25 the port has operated only a single weekday *shift after the dockers* refused to work extra hours without an increase in overtime rates.

The port's income has been affected further by the loss of two major customers during the dispute—Dart Containerline which transferred to Felixstowe and ABC Containerline, which went to Tilbury.

The dockers' original claim for a basic pay of £120 a week was founded on a demand for earnings parity with non-registered docks staff, such as foremen and clerks. Southampton dockers' average earnings last year were estimated at £146 a week.

Throughout the dispute employers have emphasised the difficulties of comparing dockers earnings with those of non-registered staff because of variations in shift and overtime patterns. Moves to change shift patterns and reduce overtime for staff are expected to lead so some reduction in the disparities.

Warning to BR as unions back tribunal

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL's three unions yesterday increased the pressure on BR to meet the 10½ per cent pay increase recommended by an independent tribunal for the 180,000 railway workers.

All three union executives voted to accept the tribunal's findings. Their decision will be taken into account when the BR Board meets on Monday to review formally the recommendation of the tribunal, chaired by Lord McCarthy, for a two-stage increase of 8 per cent now and a further 3 per cent in August.

BR is unlikely to be able to meet in full the tribunal's recommendation but following the decisions of the National *Union of Railwaymen*, the train drivers' union Aslef and the white-collar Transport Salaried Staffs' Association to accept the findings, Mr Sid Weighell, NUR general secretary, said: "If they don't implement it, it could wreck all the good intentions of both sides."

He refused to be drawn on the possibility of a strike if the Board made such a decision. *But it was made clear by Aslef* that previous decisions for strike, presently held in abeyance, would have to be activated if the recommendation was not met.

BR will follow its Board meeting with a meeting of the Railway Staffs' Joint Council, the industry's highest-level negotiating body, on Tuesday, when it will forward its proposals for dealing with the McCarthy recommendations.

It will warn of the danger to jobs of a strike at such a financially-*parlous time for the* railways, and may expand on suggestions in the industry that the projected loss of about £100m forecast for this year may have worsened to about £130m.

The three unions also all voted to accept the 11.6 per cent pay offer to London Transport's 15,000 manual workers, formally averting the threat of a *Tube strike on Monday.*

As well as increasing pressure the main-line pay negotiations, the Underground deal has raised the prospects of a claim from LT's 30,000 buscrews, who have settled at 8 per cent.

Plea for more aid to North West

Spending boost urged

RENEWED demands for public spending schemes for depressed regions that would create orders for industry and boost jobs were made yesterday by the North West Industrial Development Association.

Mr Arnold Tweedale, the chairman, sad at the associations annual meeting in Knowsley, Merseyside, that the North West had suffered worse job losses than any other assisted region over the past decade. In two years, unemployment has almost doubled to 410,000 and *had lasted longer* than the average nationally.

The ratio of vacancies to unemployed people in the region was 1—40 compared with 1—23 in Scotland and 1—25 in Britain as a whole.

Mr Tweedale urged further spending on derelict land clearance, rehabilitation of housing and on replacement of the inner cities' antiquated sewerage systems, many in a hazardous condition.

But this approach was quickly ruled out by Sir Keith Joseph, Secretary of State for Industry, talking to business and union leaders in Manchester.

Sir Keith repeated his conviction that the decline in manu*facturing and employment over* the past two years had been made worse by high wage demands at a time when output was stagnant.

● Details of projects costing nearly £15.5m designed to improve the inner areas of Newcastle and Gateshead this year were published yesterday in the Action Programme for the Newcastle/Gateshead Inner City Partnership.

Some £40m-worth of projects are identified over the three-year period up to 1984.

ICI all-out strike threat

BY OUR LABOUR STAFF

ICI WAS WARNED ysterday that it could face a national strike among its 43,000 weekly-paid workers, after one of its leading unions said the company had failed to improve on an 8.5 per cent pay offer.

Mr David Warburton, national industrial officer of the General and Municipal Workers Union, said plans for national action are being drawn up by the union after talks with the company on Thursday broke up without agreement.

The seven unions involved in the manual workers' pay talks have agreed to report back to members on the current deadlock, which has led to industrial action in the *companies* Mond division in the North West.

Mr Warburton said: "If there is a rejection of the company proposals then strike action is inevitable. I believe that there is a little more to be squeezed from ICI, but whther we sanction company-wid action depends on the response of our members."

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He added that all unions agree that rejection of the offer would leave national action as the "only logical course." As chairman of the ICI world council of unions, he would be instructing overseas plants of ICI to refuse to make products for markets supplied from the UK if the stoppage took place.

More than 7,000 ICI workers, mainly in the GMWU, began unofficial strike action in the Mond division this week after management sent home five workers who had joined an overtime ban in protest at the company's pay offer.

Dealer wins £3.1m performance bond case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

E. D. & F. MAN (Sugar), the London sugar dealer, yesterday defeated an attempt to stop it receiving payment under a £3.1m performance bond.

The Court of Appeal dismissed a claim by State Trading Corporation of *India for* an injunction restraining Man from giving notice of default on a contract covered by the bond.

Lord Denning said performance bonds were part of the essential machinery of international trade and should be honoured, except in cases of fraud.

They have been devised so that a buyer did not have to go to a faraway country to sue for damages, or go through a long arbitration to get money due to him for breach of contract.

Lord Denning said that STCI contracted to sell Man 200,000 tonnes of sugar for delivery between January and June this year. The contract was reinforced by a performance bond given by the State Bank of India on behalf of STCI. The bond was payable on demand on the bank being given notice by Man of a default by STCI.

The contract was not performed because in February the Indian Government imposed a ban on sugar exports.

STCI contended that the bond should not be enforced. It claimed the Government ban gave it a complete answer to any default under a force *majeure* clause in the contract.

STCI argued there was an implied term in the contract that Man would not serve notice of default except where there was reasonable and just cause to do so.

Lord Denning said there was no justification for introducing such an implied term. It would strike at the efficacy of performance bonds and the purposes for which they were given.

It would mean that a bank would be prevented from paying out on a bond by any allegation by a seller that he was not in default.

The only term to be imported into the contract was that the person giving notice of default must honestly believe there had been a default.

Man had such an honest belief for the simple reason that the sugar had not been delivered.

Whether or not there was a defence of force majeure was a matter for the arbitration of the dispute, which had already begun, said Lord Denning.

Sharper decline in both profits and earnings

THIS TABLE gives an analysis of company profits and balance sheets. It covers the results of 459 companies whose account year ended between October 15, 1980 and January 14, 1981, which published their reports up to the end of May, 1981.

The figures are in £000 and the corresponding figures for the preceding year are given in brackets. Successive tables in this series are not strictly comparable because the sample of companies is always different.

However, this table, which covers more of the recession than the table published last month, shows sharper profit falls and the effects of climbing interest rates and costly reorganisations on attributable earnings of the industrial group.

Last time this group, which included 226 companies, showed a 3.9 per cent decline in profits with a 8.6 per cent drop in earnings. This table, which included 341 industrial companies, shows a 17.8 per cent decline in pre-tax profits with a 29.4 per cent fall in attributable earnings.

Trading profits in the newspaper publishing group have taken the hardest knocks, with ten companies showing a cumulative 23.5 per cent drop. Other recession-troubled areas highlighted include textiles, motors, chemicals and the metals and metal industries.

Overall, the 46 financial companies surveyed show an advance with trading profits up 5.1 per cent. The two discount houses, four merchant banks and three hire-purchase companies show the strongest gains.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 459 COMPANIES

The Financial Times gives below the table of company profits and balance sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 459 companies whose account year ended in the period between October 15, 1980, and January 14, 1981, which published their reports up to the end of May, 1981. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profits (1)	% chnge	Profits before Int. & Tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	33	527,258 (482,035)	+9.4	362,293 (342,430)	288,823 (292,797)	91,598 (82,139)	186,030 (199,700)	−6.8	65,713 (56,199)	+16.9	274,229 (271,714)	2,288,929 (2,250,381)	15.8 (15.1)	592,907 (537,567)
CONTRACTING, CONSTRUCTION	20	286,656 (263,556)	+8.8	195,938 (186,714)	139,804 (143,305)	44,191 (43,913)	93,529 (96,892)	−3.5	23,606 (22,020)	+7.2	154,879 (143,197)	1,442,901 (1,361,593)	13.6 (13.8)	436,596 (452,195)
ELECTRICALS	10	222,008 (189,765)	+17.0	172,137 (147,021)	138,048 (117,186)	48,034 (26,342)	79,721 (80,507)	−1.0	27,871 (24,855)	+12.1	97,805 (95,195)	689,141 (686,051)	25.0 (21.4)	309,876 (321,092)
ENGINEERING CONTRACTORS	8	86,512 (77,079)	+12.2	65,977 (59,126)	52,914 (46,889)	13,769 (13,008)	35,579 (31,224)	+13.9	11,271 (10,586)	+6.5	42,031 (36,166)	377,819 (347,147)	17.5 (17.0)	169,156 (150,868)
MECHANICAL ENGINEERING	49	529,709 (555,048)	−4.6	387,164 (430,678)	257,928 (329,900)	82,202 (95,627)	158,335 (204,720)	−22.7	60,704 (71,449)	−15.0	220,865 (247,409)	2,911,899 (3,008,398)	13.3 (14.3)	1,241,511 (1,302,518)
METALS AND METAL FORMING	14	323,904 (414,562)	−21.9	225,297 (327,233)	122,649 (247,993)	48,395 (65,020)	61,477 (173,949)	−64.7	38,746 (65,404)	−40.8	114,135 (189,487)	2,076,352 (2,183,309)	10.8 (15.0)	743,994 (841,552)
MOTORS	18	222,397 (266,498)	−16.5	128,902 (174,049)	44,602 (99,024)	39,755 (40,423)	10,025 (56,304)	−82.2	18,705 (21,794)	−14.2	80,077 (121,069)	1,251,949 (1,327,186)	10.2 (13.1)	344,607 (408,713)
OTHER INDUSTRIAL MATERIALS	6	378,957 (399,475)	−5.1	276,052 (279,363)	185,301 (213,127)	61,387 (59,696)	116,942 (144,747)	−19.2	52,767 (52,380)	+0.7	161,857 (176,640)	1,920,187 (1,634,830)	14.4 (17.1)	554,133 (521,993)
TOTAL CAPITAL GOODS	158	2,577,401 (2,648,016)	−2.7	1,813,760 (1,946,614)	1,230,069 (1,490,221)	429,331 (426,168)	741,638 (986,043)	−24.9	299,383 (324,687)	−7.8	1,145,876 (1,280,875)	12,958,977 (12,798,895)	14.0 (15.2)	4,392,780 (4,536,598)
BREWERS AND DISTILLERS	4	12,982 (13,327)	−2.6	11,283 (11,752)	8,281 (9,483)	2,509 (2,288)	5,772 (7,195)	−19.8	1,823 (1,906)	−4.3	5,106 (6,381)	79,310 (70,088)	14.2 (16.8)	14,241 (14,418)
FOOD MANUFACTURING	13	727,564 (690,771)	+5.3	577,445 (561,597)	475,626 (485,401)	183,343 (161,261)	280,929 (312,421)	−10.1	79,389 (78,553)	+1.1	342,921 (356,756)	3,251,158 (2,991,368)	17.8 (18.8)	1,195,101 (1,125,278)
FOOD RETAILING	4	16,517 (13,462)	+22.7	12,221 (10,507)	11,290 (9,923)	2,989 (1,482)	8,295 (8,434)	−1.6	2,009 (1,599)	+25.6	9,218 (9,230)	62,073 (44,917)	19.7 (23.4)	15,924 (12,382)
HEALTH AND HOUSEHOLD PRODUCTS	2	124,855 (107,098)	+16.6	101,071 (88,173)	76,553 (72,964)	29,395 (20,132)	43,539 (49,279)	−11.6	18,178 (16,611)	+9.4	47,541 (49,793)	416,584 (392,478)	24.3 (22.5)	152,733 (148,060)
LEISURE	13	192,970 (204,006)	−5.4	149,694 (168,470)	102,841 (134,825)	59,198 (61,348)	42,435 (81,646)	−48.0	29,965 (27,924)	+7.3	80,418 (86,428)	1,135,038 (1,013,011)	13.2 (16.5)	40,017 (60,843)
NEWSPAPERS, PUBLISHING	10	28,248 (36,939)	−23.5	18,486 (28,318)	5,305 (19,347)	4,475 (6,395)	387 (12,245)	−96.8	2,394 (3,264)	−26.6	5,578 (15,752)	190,090 (187,362)	9.7 (15.1)	65,694 (72,560)
PACKAGING AND PAPER	12	266,757 (282,121)	−5.4	186,969 (205,510)	126,665 (156,026)	41,604 (38,760)	66,208 (104,194)	−36.5	27,994 (31,519)	−11.2	82,722 (136,719)	1,179,609 (1,188,414)	15.8 (17.3)	261,362 (335,284)
STORES	10	50,507 (54,942)	−8.1	37,378 (44,766)	33,146 (42,185)	12,067 (13,972)	19,981 (27,710)	−27.9	7,047 (6,661)	+5.8	24,940 (29,349)	174,594 (159,775)	21.4 (28.0)	32,899 (35,370)
TEXTILES	26	177,057 (210,554)	−15.9	129,994 (166,731)	83,177 (132,964)	29,546 (38,375)	47,510 (88,001)	−46.0	23,431 (25,582)	−8.4	65,341 (103,454)	1,008,764 (1,043,234)	12.9 (16.0)	513,379 (548,396)
TOBACCOS	2	949,134 (873,829)	+8.6	754,377 (704,327)	603,433 (586,603)	219,804 (187,670)	355,553 (373,655)	−4.9	120,892 (112,770)	+7.2	396,090 (396,711)	4,334,570 (3,593,547)	17.4 (19.6)	1,258,311 (1,196,644)
OTHER CONSUMER	14	31,954 (40,473)	−21.0	17,125 (28,348)	10,533 (25,283)	6,063 (7,514)	4,291 (17,645)	−75.7	4,992 (6,390)	−21.9	12,287 (21,720)	214,568 (197,315)	8.0 (14.4)	104,010 (109,551)
TOTAL CONSUMER GRP	110	2,576,546 (2,527,522)	+2.0	1,996,032 (2,018,493)	1,538,850 (1,675,004)	590,892 (529,197)	874,701 (1,082,425)	−19.2	318,114 (312,779)	+1.7	1,072,162 (1,214,293)	12,043,378 (10,881,506)	16.6 (18.5)	3,653,671 (3,658,787)
CHEMICALS	16	1,025,764 (1,268,426)	−19.1	569,609 (874,058)	399,330 (734,510)	156,801 (101,616)	207,884 (599,335)	−65.3	119,647 (155,248)	−22.9	411,241 (721,241)	5,712,814 (5,424,618)	10.0 (16.1)	1,504,541 (1,630,245)
OFFICE EQUIPMENT	8	214,489 (235,206)	−8.8	184,656 (208,539)	152,155 (177,790)	63,066 (66,382)	84,096 (105,027)	−19.9	36,368 (35,950)	+1.2	74,419 (93,217)	983,491 (964,511)	18.8 (21.6)	158,023 (186,953)
SHIPPING AND TRANSPORT	7	267,579 (249,878)	+7.0	179,896 (154,845)	106,694 (83,503)	22,929 (21,383)	81,242 (60,346)	+34.6	28,779 (26,806)	+7.4	136,273 (118,869)	1,527,966 (1,537,546)	11.8 (10.1)	40,027 (40,383)
MISCELLANEOUS	42	323,206 (311,296)	+3.8	228,874 (238,870)	155,805 (191,285)	39,615 (50,465)	101,310 (125,547)	−19.3	34,176 (33,363)	+2.4	148,390 (154,309)	1,379,264 (1,247,026)	16.6 (19.2)	400,303 (390,186)
TOTAL INDUSTRIAL GRP	341	6,986,784 (7,240,344)	−3.5	4,972,926 (5,441,419)	3,578,903 (4,352,311)	1,301,634 (1,197,213)	2,090,871 (2,960,723)	−29.4	836,487 (888,833)	−5.9	2,988,361 (3,582,804)	34,615,890 (32,854,102)	14.4 (16.6)	10,149,345 (10,443,152)
OILS	10	9,304,633 (8,702,249)	+6.9	7,950,201 (7,537,871)	7,308,356 (6,946,792)	4,286,680 (3,619,639)	2,445,643 (2,984,275)	−18.0	551,288 (493,552)	+11.7	3,239,405 (3,646,559)	19,502,861 (16,861,147)	40.8 (44.7)	6,227,046 (5,124,503)
BANKS	4	1,833,600 (1,870,000)	−1.9	1,654,700 (1,706,400)	1,316,500 (1,572,600)	398,000 (493,900)	1,042,700 (1,056,500)	−1.3	166,700 (140,400)	+18.7	1,046,700 (1,064,000)	8,613,300 (7,434,800)	19.2 (22.9)	2,710,200 (2,247,200)
DISCOUNT HOUSES	2	2,314 (484)	+378.1	— (—)	— (—)	— (—)	1,815 (−79)	—	1,317 (1,068)	+23.2	— (—)	*634,988 *(654,504)	— (—)	387,746 (376,232)
HIRE PURCHASE	3	48,060 (38,172)	+25.9	45,014 (36,156)	9,061 (11,690)	4,097 (4,260)	4,745 (7,507)	−35.1	3,277 (3,208)	+2.1	(3,932) (5,614)	308,524 (287,505)	14.5 (12.6)	135,083 (127,497)
INSURANCE (LIFE)	6	67,232 (67,697)	−0.7	— (—)	— (—)	— (—)	64,361 (64,680)	−0.5	47,969 (39,041)	+22.9	— (—)	10,562,897 (8,878,364)	— (—)	228,537 (170,317)
INSURANCE (COMPOSITE)	6	362,659 (385,360)	−5.9	— (—)	— (—)	— (—)	267,886 (281,262)	−4.8	132,275 (113,089)	+17.0	— (—)	6,205,767 (6,140,194)	— (—)	631,083 (551,489)
INSURANCE BROKERS	5	124,892 (128,119)	−2.5	104,526 (110,719)	97,004 (104,695)	45,578 (49,229)	50,440 (54,045)	−6.7	26,305 (25,718)	+2.3	37,905 (40,336)	333,705 (308,491)	31.3 (35.9)	73,866 (74,083)
MERCHANT BANKS	4	77,860 (60,336)	+29.0	— (—)	— (—)	— (—)	40,375 (27,295)	+47.9	12,264 (8,985)	+36.5	— (—)	*5,373,089 *(4,278,428)	— (—)	295,695 (257,943)
PROPERTY	11	46,875 (41,101)	+14.0	44,259 (38,515)	21,956 (19,791)	4,781 (5,530)	17,100 (14,311)	+19.5	8,268 (6,998)	+18.1	10,116 (8,383)	746,524 (669,566)	5.9 (5.7)	23,465 (12,459)
MISCELLANEOUS	5	696,794 (510,768)	+36.4	657,470 (475,165)	272,873 (212,678)	120,929 (105,762)	120,039 (82,552)	+45.4	30,721 (24,716)	−24.3	125,511 (90,555)	1,193,632 (962,849)	55.1 (49.3)	707,921 (587,411)
TOTAL FINANCIAL GROUP	46	3,260,266 (3,102,057)	+5.1	2,505,969 (2,366,943)	1,717,394 (1,931,454)	573,385 (658,681)	1,609,451 (1,587,871)	+1.4	429,096 (363,224)	−18.1	1,224,164 (1,208,886)	†11,196,885 †(9,663,209)	22.4 (24.5)	5,193,596 (4,384,651)
INVESTMENT TRUSTS	53	113,154 (105,743)	+7.0	111,893 (104,652)	98,312 (89,769)	35,516 (32,081)	61,391 (56,481)	+8.7	57,936 (52,845)	−9.6	3,444 (3,701)	2,094,960 (1,606,251)	5.3 (6.5)	8,139 (12,488)
MINING FINANCE	2	755,283 (678,419)	+11.3	583,546 (523,693)	507,641 (453,072)	215,375 (184,222)	156,966 (152,051)	+3.2	39,293 (36,636)	+7.2	286,277 (267,216)	3,087,471 (2,500,430)	18.9 (20.9)	722,951 (565,232)
OVERSEAS TRADERS	7	86,515 (80,265)	+7.8	74,542 (71,018)	37,887 (48,712)	7,110 (14,354)	29,531 (32,334)	−8.7	8,578 (8,903)	−3.7	30,040 (29,976)	389,120 (360,233)	19.2 (19.7)	103,432 (123,827)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing to equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc., and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses and insurances (life and composite).

‡ No figures given.

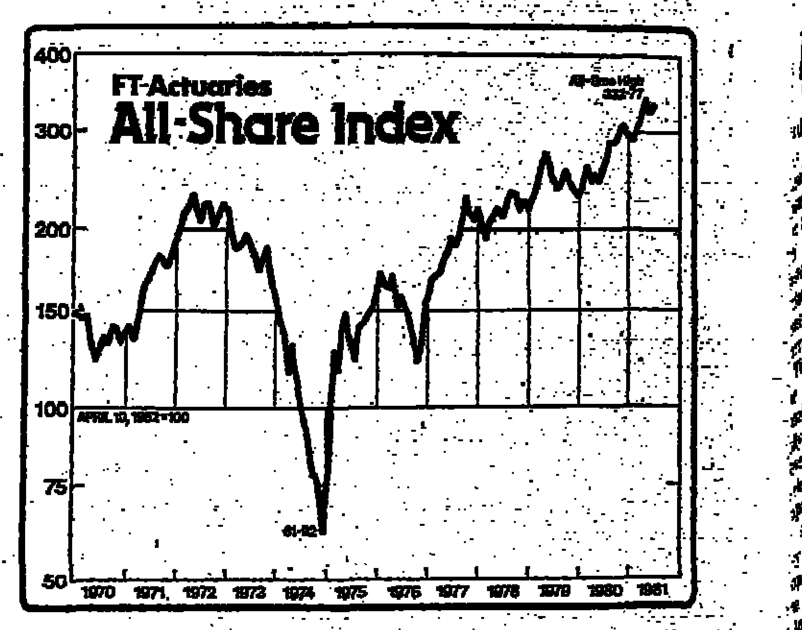
Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

THE WEEK IN THE MARKETS

Base rate preoccupation

LONDON

ONLOOKER



Upward pressure on interest rates is imposing an increasing strain on London's financial markets. Sterling's trade weighted index drifted gently lower again this week, and short term money rates edged higher in response. The impact washed straight through to the fixed interest market, and by the end of the week yields of over 15½ per cent were commonplace on long dated Government bonds.

There was nothing much the equity market could do to shake off the general depression. News of the respectable response to the BP rights issue on Monday afternoon sent the FT 30-Share Index up by nearly 10 points between 3 pm on Monday and 10 am on Tuesday, but since then it has been downhill most of the way. The momentary panic yesterday morning about a rumoured round of base rate increases underlined once more where the main preoccupation lies.

U.S. interest rates will break eventually — maybe sooner rather than later. But until there are signs of that happening, the stock market may remain under a cloud.

Crumpled copiers

It is hardly surprising that the shares of Rank Organisation and Gestetner were among the worst performers in the market this week. Gestetner's shares plunged 21 per cent to 66p and Rank's lost 8 per cent to 154p.

After giving hopeful indicators at the end of the last year, including maintained dividends, both groups reported surprisingly depressed interim results.

Rank's profits in the half-year to mid May were down 31 per cent to £36.7m. The contribution from Rank Xerox, which has propped up the group's profits for a very long time, was down from £54m to £39.8m, largely because of currency overseas markets as well as effects.

However, the very modest recovery in the Organisation's own profits, from £6.6m to £7.1m was also disappointing. After the disposals of film production and TV manufacture last year, many hoped that the effect of loss elimination would have been greater.

Gestetner's interim results were much worse, profits falling by more than half in the group as a whole and a disappearing altogether in Europe—which accounted for nearly half of turnover last year. As at Rank, currency movements were a significant factor. For example, sterling rose 19 per cent against the French franc over the period, and France is Gestetner's largest national market.

But the main problem at Gestetner is the flagging competitiveness of the group's major product line, stencil duplicators. The company is developing new products—plain paper copiers now account for close to a fifth of turnover—but the worry is that this will not happen quickly enough to sustain the enthusiasm of the group's vaunted sales force or to produce a significant near term profit recovery.

In this context, the prospective yield of less than 6 per cent, assuming a halved final, leaves the "A" shares still looking rather vulnerable — unless the Gestetner family, which controls the voting shares, were to open the way to a bid by enfranchising the "A" shares. But there is no sign of that yet.

Illingworth Morris

The lights dim, the curtain rises. The scene is the boardroom of Illingworth Morris, loss making Yorkshire textile group. The executives are busy drawing up the full accounts for the year ended last March showing another loss of £2.4m pre-tax.

Enter Mrs Pamela Mason, TV chat show hostess, writer, actress and ex-wife of actor James Mason, waving a telex calling for the resignation of three Illingworth directors. And Mrs Mason, daughter of one of the group's founders, has effective voting control so what she says, goes. Mr Donald Hanson, chairman, Mr Peter Hardy, chief executive, and Mr Tommy Yeardye, a director Mrs Mason put on the board two years ago, are being asked to go.

The general plot, if not the detail, has a familiar ring. Two years ago, after the company reported a £1.3m fall in profits to £3.4m, Mrs Mason flew in from her Beverly Hills home to give Illingworth a good hard shake. Auditors Price Waterhouse were kicked out after 56 years, Hill Samuel and Joseph Sebag were brought in to liven up the image and Tommy Yeardye, ex Carmen Curler managing director was elected on to the board to beef up an international sales drive.

Two loss making years later Mrs Mason has lost patience and is calling for an egm to eject the executives. With voting control the result is presumably a forgone conclusion.

Mrs Mason says a "new team will be announced shortly." This will include some internal promotions and an outside "finance" man.

As the first act draws to a close directors Manson and Hardy are saying "very firmly" that they will not resign.

The audience, including no doubt a dumbstruck 5,000 employees and similar number of shareholders will have to wait awhile before the next scene is played out at the egm. Perhaps Illingworth could book the Whitehall Theatre for the meeting.

DCL's sterling spirit

Rare indeed are the occasions nowadays when a company admits to being pleasantly surprised by shifts in demand. But that is the way the final quarter went for the giant spirits group, Distillers, in the year ended March 31.

The Haig, Johnnie Walker and Gordon's gin distiller was sounding gloomy enough at the interim stage when it reported a near 4 per cent pre-tax shortfall. Sales, it said, were falling in the face of shrinking consumer demand and trade destocking. The fourth quarter, however, saw significant ordering ahead of export price increases and the sudden, late surge was enough to limit the annual down turn to 8.7 per cent at £181m before tax.

Over £8m of the reported £13.9m fall in profit, what is more, can be attributed to the slump of the half owned United Glass associate.

Trading conditions this year are very hard to anticipate with any certainty. The sales which were pulled forward into the late winter months may have left the first quarter of the current period looking rather flat.

The Scotch whisky market, and DCL's dominant share of it, now seems to be holding its ground in the U.S. in face of the recent upsurge in white spirit and wine consumption.

MARKET HIGHLIGHTS OF THE WEEK

	y'day Price	on week Change	High 1980-81	Low 1980-81	
F.T. Ind. Ord. Index	523.7	− 0.9	597.3	448.0	Lack of incentive
F.T. Govt. Secs. Index	64.45	− 1.13	70.51	64.45	Interest rate fears
Ailsa Investment	218	+32	225	164	Ahead of structural proposals
Amal. Power Eng'g.	140	+40	141	52	Bid from NEI
Bath & Portland	60	+ 8	61	34	Interim results
Braby Leslie	46	+ 8	52	24	Starwest acquires stake
BP	302	+12	415	278	£624m rights completed
Catalin	68*	+18	68	43	Bid speculation
Christie Tyler	53	+ 8	53	39	Second-half recovery
Finlan (J.)	158	+18	168	88	Talks in progress
Firth (G. M.)	114	+34	114	32	Mr Wasserman acquires stake
Gestetner A.	66	−18	99	60	Disappointing interim results
Harris (Philip)	97	+25	102	58	Inc'd. dividend and protfis
Intl. Paint	182	+25	184	74	Bid speculation
Law Land	119½	+22½	121	74	Bid from Churchbury Estates
Ofrex	119	+29	119	66	Bid hopes
Rank Org.	154	−14	216	150	Interim results
Shell Transport	370	+18	470	331	Recovery in oils
Unigate	104	+ 9	127	94	Increased dividend

* Price at suspension.

Oils form a smokescreen

NEW YORK

PAUL BETTS

THE CURRENT takeover craze is transforming Wall Street into Rodeo Drive, the fashionable Beverly Hills avenue where you can pick up a T-shirt for a mere 500 bucks. But although the market continues to be in a total frenzy over the current high rolling sweepstake for U.S. oil companies, "takeover mania," as it is now being called, is giving a false impression of what is happening on the stock exchange.

The market is in fact moribund. It has been so for several weeks and no amount of mega-dollar takeover bids have been able to shake off its state of lethargy and spleen. The problem is a familiar one. High interest rates are driving investors out of stocks to other higher yielding instruments. Money market mutual funds continued to grow this week and are now well over $130bn.

Compounding the general gloom in the market was the first batch of the latest corporate earnings figures which started trickling out this week. At one stage, the market had been looking to interest-sensitive stocks like banks and insurance companies to give it some leadership after the oils, last year's leaders, lost their sex appeal. But many banks reported dismal second quarter earnings this week. Bank of America, the country's second largest bank, reported a 29 per cent decline in earnings and many other major banks reported significant drops. They blamed the combination of high and volatile interest rates and as long as interest rates stay that way it is unlikely that interest-sensitive stocks will give the market the sort of leadership it is now looking for.

Among the industrials, the second quarter picture was generally flat. IBM was a loser this week after it again reported disappointing earnings continuing a long trend of modest or flat quarterly earnings performance. RCA, the conglomerate now under the leadership of Mr Thornton Bradshaw, also reported sharply lower earnings as the hugh company continues to struggle with its recent $200m investment in videodiscs.

In these circumstances, there was only one way to look. Conoco again provided most of the showbiz, repeatedly leading the most active list and buzzing up to new highs for the year. First Seagram raised its bid for 51 per cent of the company by offering $85 a share. Then Du Pont raised its bid for the whole company offering $95 a share for 40 per cent of Conoco and 1.7 Du Pont shares for each remaining Conoco shares giving a composite average price per Conoco share of $86.20.

In the backround, Mobil, Texaco, and other major oil companies were hovering. Finally, Mobil showed its hand yesterday with a $7.74bn bid for Conoco involving an offer of $90 a share for 51 per cent of Conoco and a share exchange based on a price of $90 a share for all remaining Conoco shares.

Meanwhile, other oil companies, either planning to enter the unprecedented bidding battle or preparing defences against possible takeover, continued to line up vast lines of credits which in the past seven days have totalled more than $25bn. Of these, Chase Manhattan alone has committed about $15bn.

With Conoco hogging the stage, other companies deemed possible takeover targets continued to play colourful cameo roles all week. The list includes Cities Service, which yo-yoed up and down as takeover speculation grew or fell. Marathon Oil, which has also spurted up but has been falling back as it prepared takeover defences. Diamond Shamrock, and many other oil and gas issues and coal stocks.

Marathon provides one of the best illustrations of how speculative the market it. It has been for some time on the hot takeover list. In two weeks, the stock has gained $20. The rumour was that Texaco planned to bid for both Cities Service and Marathon if it failed to win Conoco. But Marathon on Wednesday said it had arranged $5bn worth of credit with Chase Manhattan and other major banks, or the equivalent of the company's market capitalisation. With the prospect of Marathon fighting fiercely against a hostile bid, the stock plunged in just one day by $6 to $69.

Monday	954.34	−1.33
Tuesday	948.25	−6.09
Wednesday	954.15	+5.90
Thursday	955.48	+1.33

UNIT TRUST AND INSURANCE OFFERS

Under fire by the Revenue, but if you know a better 'ole

HAD BAIRNSFATHER drawn his famous cartoon today it would probably show a judge from the Chancery Division saying to the complaining taxpayer "If you knows a better tax system go to it," while the Inland Revenue laid down its continuing mortar and artillery barrage around them.

There are those who regard the Revenue as a highly personal enemy. This is seldom fully justified—but one of the Revenue's less endearing traits is their readiness to penalise all taxpayers by applying the letter of some nonsense-law, when they form the view that just one taxpayer has stepped out of line.

And endearments from High Court judges, or from taxpayers, become even less likely when

TAXATION

DAVID WAINMAN

the Revenue then insist that it was not themselves but Parliament who dreamt up that nonsense-law in the first place, and has permitted it to remain on the statute book unamended for many years.

It is the recent case of *Perrons v Spackman* which started this train of thought—and which calls up a vivid picture of a mud-bespattered Mr Justice Vinelott watching, somewhat bemused, while HM Inspector Spackman fires the mortar shell that is to turn Mr Perrons into a hole in the ground.

Those trying to comment on the case may also be somewhat bemused. Judgment was delivered in the High Court on July 6. But we will not see any official report until Mr Justice Vinelott approves the shorthand writers' transcript, a process which can take up to two months. (In the recent case of Marine Midland Bank v Pattison, he release the transcript on July 2—although the judgment had been given on May 7.) In the meanwhile we must rely on brief newspaper reports.

Mr Perrons is a rent officer employed by a local council. He has to travel extensively in his council's area, and they consider it essential for the efficient conduct of business that he use his own car for this, although they have not gone so far as to make it a term of his employment that he must do so.

In the year to which this appeal related, they reimbursed him 11.4p per mile, producing a total of £149, which appears to have been accepted as a realistic estimate of the costs of his petrol and oil, together with an apportionment on a mileage basis of the costs of repairs, servicing, insurance and the road fund licence. In addition, they gave him a lump sum of £220 per annum, based on the car's engine capacity.

The law differentiates "directors and higher paid employees" from all the rest. Mr. Perrons earned less than the threshold (now £8,500), and it was therefore general law which applied to him, rather than the special provisions for those earning more.

The court therefore needed to decide two related questions. First, should either or both of the £149 and £220 allowances be counted into Mr Perrons' income: and secondly, if they were to be so counted in, what could Mr Perrons deduct, as an "expense necessarily incurred in travelling in the performance of the duties of his employment."

For directors and the higher paid the answer to the first of these questions is automatic. Any payment made to them, or on their behalf, by an employer, as well as "benefits" provided to them in kind, are income in the first instance. Thereafter the individuals concerned have the same entitlement as their less well paid colleagues to claim to deduct expenses incurred in necessary travel (and any other expenses incurred wholly, exclusively and necessarily in doing their job).

Mr Perrons accepted in the High Court that the £220 lump sum receipt for his engine capacity had to be counted into income. But he said that the 11.4p per mile, the £149, was no more than a straight reimbursement of costs actually incurred, and as such formed no part of his income—that it could not be described as a "prerequisite."

Mr Justice Vinelott disagreed. And he also disagreed with Mr Perrons' alternative claim that he should be allowed to deduct both the £220 and the £149.

The deduction with which Mr Perrons ended up was £115, which was the figure decided by the Special Commissioners to be the actual cost of petrol, oil, servicing and repairs, together with the licence and insurance. The amounts deductible for the last four were apportionments on a mileage basis of these total costs.

The balance on which Mr Perrons found himself paying tax would reflect in some degree the car's depreciation, and the interest element in what Mr. Perrons was paying for it. Mr Justice Vinelott described it as "a significant contribution to the overhead cost to the taxpayer of putting his car on the road and maintaining it for his own private use as well as for use on official journeys," which, he said therefore, "reduced the cost to him of keeping a car. It did not make the whole expense an expense incurred in the performance of his duties:"

All very fine: just what the law says. And what it says is not only a complete nonsense, but also a complete departure from the rather more reasonable approach that the Revenue have used before.

The Revenue republished as recently as March this year their booklet No. 480, "Notes on expenses payments and benefits for directors and certain employees." Study this passage detailing the position of the employee who uses his own car for business purposes: "the employee may, however, claim a deduction in respect of the necessary motoring expenses (including . . . a deduction for its depreciation insofar as this is directly related to its business use . . . and allowances may be due in respect of interest paid not later than three years after the end of the tax year in which the debt was incurred)."

That phraseology reflects the actual legal position. The employee's legal entitlement is to deduct cash spent on running the car for its business miles, and to claim capital allowances and relief for interest on its purchase cost, each of these also by reference to business use.

But in practice the Revenue happily allowed employees to be reimbursed, and to deduct without further questions asked, mileage allowances at the levels published by the Automobile Association. These quantify, for various sizes of car and various annual mileages, the per-mile depreciation, standing costs and running expenditure.

Presumably we can now expect the Revenue to issue their standard statement that have had, perforce, to review their previous treatment—in the light of the decision in Perrons v. Spackman—and that common sense and co-operation are no longer the order of the day.

So, mortared, mud-bespattered and bemused, do we know where Mr Justice Vinelott and the Revenue have left us? Where do we go from here and what tax deduction might we get for the costs of running as fast as our legs will carry us towards a saner world?

Renovation and VAT

BY OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I have just completed renovating an old vicarage and employed most trades on a sub-contract basis. Although many of the jobs were zero-rated for VAT, I purchased most of the building materials myself and the suppliers insisted that I paid VAT. Is it possible to reclaim VAT on major property alterations and refurbishments?

It is not possible to reclaim VAT in respect of materials purchased by yourself. If materials are supplied by builders who make alterations to your property and the building services are zero rated the materials will be similarly treated.

Right to the accounts

I am the Executor of an estate and the Charity residuary beneficiary requires a copy of the accounts even though I have paid him out. In an article about 12 months ago, in Finance and the Family, you stated that a residuary beneficiary was not entitled to a copy of the accounts even though he wanted to pay for one. Need I do anything further?

We are not aware of the article to which you refer, and your account of it is contrary to our view of the law. A residuary legatee is entitled to see the estate accounts. It is a specific legatee who receives his legacy whose technical right to an account may not be supported by a court order since the condition of the rest of the estate does not affect such a legatee if he or she receives his legacy in full.

No way to avoid all costs

I am very concerned that the roots of a neighbour's willow tree may block my drain, which I should never be able to clear. He will not himself take any action. Could I compel him to indemnify me against future trouble and costs should my drain become blocked? Failing everything, is there any way I can take him to court without it costing me anything?

Your alternatives are to use self help (ie cut intruding roots) or to seek an injunction in court. The latter cannot be achieved without some cost to you, even if you are awarded your costs in the litigation, as only "party and party" costs will be awarded. You cannot require an indemnity, as the law already affords you the right to sue for nuisance as and when damage occurs.

An apartment in France

We are considering the purchase of an apartment in a French Ski Resort.

1 (a) Is income from letting subject to UK income tax even if it is not repatriated? (b) If so can it be offset in any way against the interest/capital repayments on a loan used to finance the property purchase?

2 To what extent would income be subject to French taxation?

3 Are there any agents or companies in the UK offering specialist advice on such questions and on the question of the purchase of property abroad—or indeed acting as agents for the purchase itself?

1 (a) Yes (on the assumption that you are domiciled in England and Wales, or in Scotland or in Northern Ireland, and that you are ordinarily resident in the UK).

(b) No.

2 The France-UK double taxation convention of 1968 (as amended in 1971 and 1973) does not restrict your liability to French tax.

3 Perhaps your best move would be to approach a firm of solicitors who have offices (or correspondents) in France. You appear to know so little of French law that you should proceed with caution.

No informal nomination

I made my will many years ago and the executors then appointed have died. There are only two beneficiaries whom I will now make executors: can I do this by writing a note to that effect, or must the will be got out and the alteration made and witnessed?

You cannot nominate new executors informally. However instead of altering and re-executing the will, you can simply execute a codicil without physically involving the original will. The codicil must be properly executed and witnessed just as if it were a will.

Transfer back of a house

Some years ago, for estate duty purposes I transferred my Glasgow house to my wife's name, a change which subsequent legislation rendered unnecessary. About the same time, I obtained Power of Attorney under which I have wide authority. I am now considering the advisability of having ownership of the house transferred back to my name, and making a new will under which, should my wife survive me, she will have life rent from investment of all assets—which will eventually pass to our son. Is there any legal impediment to the change of house ownership?

From the information you provide we doubt whether you have power to transfer the house into your own name, and even if you have whether it is desirable for you to do so.

Normally, a Power of Attorney does not include a power to intromit with heritage and such a power would have to be specifically granted by your wife before you could grant a conveyance of the house. Further such a conveyance would involve a conflict of interest. As Attorney you must act in your wife's interest and in that interest only and it can hardly be that a conveyance to yourself for a nil consideration could be regarded as being consistent with that duty.

Any such disposition would be liable to reduction in the Courts and could subject you to a claim for damages.

If such a transfer is envisaged (and we appreciate that there is nothing inherently against it) then it would appear to us only proper that you resign as Attorney and allow your wife to decide the issue for herself. If she is not able to do so, due to mental incapacity a curator bonis should be appointed by the Court who will act for her in the matter.

We would add that it will be necessary to consult a solicitor to put these arrangements into effect.

Executors and a reversion

Mr A left half the residue of his estate to his wife absolutely, and a life interest in the other half to her and then to his children. The residue was valued at £40,000, of which £25,000 was a reversionary interest (duty already paid) in another estate (the remaining £15,000 being cash and securities). The reversionary interest is now valued at £75,000.

(a)—The executorship accounts state that "the balance cannot therefore be paid until the reversionary interest falls in. Any increase in value of this interest at the date it falls in over the Probate value (less any capital gains tax payable) will accrue equally to his widow and the life tenant "fund." Is this correct (especially the "equally.")?

(b)—Does his widow own a 20 per cent share of the reversionary interest or could this be treated (with her consent) as an absolute £5,000 share?

(c)—Will any Capital Gains Tax be payable on the increase in value of the reversionary interest over the Probate value?

We think that the statement in the executors' accounts is accurate so long as there is no appropriation. An appropriation could be effected as you suggest in (b) with the widow's consent, but not otherwise. Thus any minimising of the widow's interest in the reversion can only be affected with her consent (after taking independent advice). Capital Gais Tax should not be payable when the interest falls in, because the beneficiaries do not then become absolutely interested as against the trustees—that would already be the case; and indeed the reversionary interest could even now be realised by sale and the proceeds distributed.

Value of an estate

Where a husband and wife own a house jointly so that it passes automatically would it be necessary for the share of a husband who had died first to be shown in the gross value of his estate? My reason for asking is that I have been puzzled by the low gross value of a relative's estate.

Property held on joint tenancy is not included in the gross estate for Probate purposes, even though its value may fall into computation for Revenue purposes.

Rescue scheme for policy holders is to be continued

POLICYHOLDERS will continue to receive financial protection on their insurance policies in the event of their insurance company running into fiancial difficulties. This good news was given recently by the Government when it announced that it was retaining in its present form the Policyholders Protection Act 1975.

This legislation was introduced in 1974 when as a result of the financial collapse of certain motor and life companies, policyholders lost money and the security of their contracts. The legislation provides that when an insurance company is unable to meet its liabilities in full policyholders will be protected 100 per cent for compulsory insurance, such as third party motor cover and 90 per cent for all other insurances.

The Act provides that the financing of any rescue operations and the administration expenses of running the operations will be met by a levy on insurance companies, with life and non-life business being dealt with separately.

The Act stated in its provisions that there would be a complete review of the situation after five years—it having been introduced against strong opposition from certain sections of the insurance industry. The Government concluded that as

INSURANCE

ERIC SHORT

a result of its review there was no case for changing the scope of the Act.

Certainly, the fears expressed at outset by the opponents of the Act have not been borne out in practice. There is no evidence that certain insurance companies would rely on the Act to pursue business by quoting uneconomical rates to undercut the market. Neither is there any evidence that the authorities would be lax in their supervision of insurance companies and rely on the Act to protect policyholders.

Above all, the traditional insurance companies, operating on sound financial lines, have not had continually to pay out money belonging to their policyholders to bail out those insurance companies that have run into trouble through not pursuing orthodox policies.

Since 1975, only three small companies have been dealt with under the Act—Fidelity Life in July 1975, Capital Annuities in July 1978 and Underwriters National Assurance in September 1980. With the first company a scheme of arrangement was set up which avoided the use of other policyholders' money, but rescue schemes are in operation for the other two companies.

The operations of these rescue schemes and all other expenses have been financed by one levy made in August 1975 when a sum of £1.5m was raised.

The effectiveness of the Act is due in no small measure to the composition of the Policyholders Protection Board which administers the Act. This five-man board has three members drawn from the insurance industry and has shown itself fully responsible in its workings. It has set up the rescue operations which reimburse affected policyholders quickly, without spending vast sums of money drawn from other insurance companies. Its latest report shows that it expects to have adequate funds in the present year to meet its commitments without the need for any further levies.

More in hope than anger?

WHENEVER any market has taken a severe fall and still looks to be down and out, the "recovery specialists" start to get interested. When the market then begins to show signs of recovery this hardy band of investors excitedly scents money making opportunities and can often be right.

Sometimes, of course, they come unstuck in their eagerness to rush in. Curiously, though, in the case of base metals premature action by the speculative buyers ahead of a genuine revival of consumer demand can still prove profitable because hope can breed on itself.

What can happen is that only a modest amount of buying via the London Metal Exchange quickly triggers off a further demand from like-minded speculators and up goes the price of the metal in question. But for the rise to be sustained, there needs to be restocking on the part of industrial users.

In the case of copper, for instance, users of the metal have not bothered to carry much in the way of stocks which, of course, have to be financed at high interest rates. They have

MINING

KENNETH MARSTON

been in the position of being able to purchase their requirements as and when needed, virtually "off the shelf."

But when prices start to rise, the buyer for an engineering works, say, begins to feel uneasy. He knows that demand for the products of his company, and others, remains sluggish, but the fear of suddenly finding himself unable to obtain fresh supplies of the metal, except at higher prices, often moves him to do some precautionary re-stocking.

And this, of course, gives another upwards push to prices, while outside observers are still wondering when the economy in general will take a turn for the better. If the economy does not pick up, then the speculators who bought the metal in the first place take their profits, the consumers are left with unused stocks and prices go back to square one.

Is this the scenario that is taking shape at the moment? As the accompanying metal price graphs show, prices of leading metals—especially zinc—have been picking up this year. They are still far below their all-time peaks, of course, and are also very low in real terms when account is taken of inflation.

At the backs of most minds there is the knowledge that when metal prices really start to recover from a long period of weakness they can do so with a vengeance. At the same time there is still little sign of a genuine revival in industrial activity.

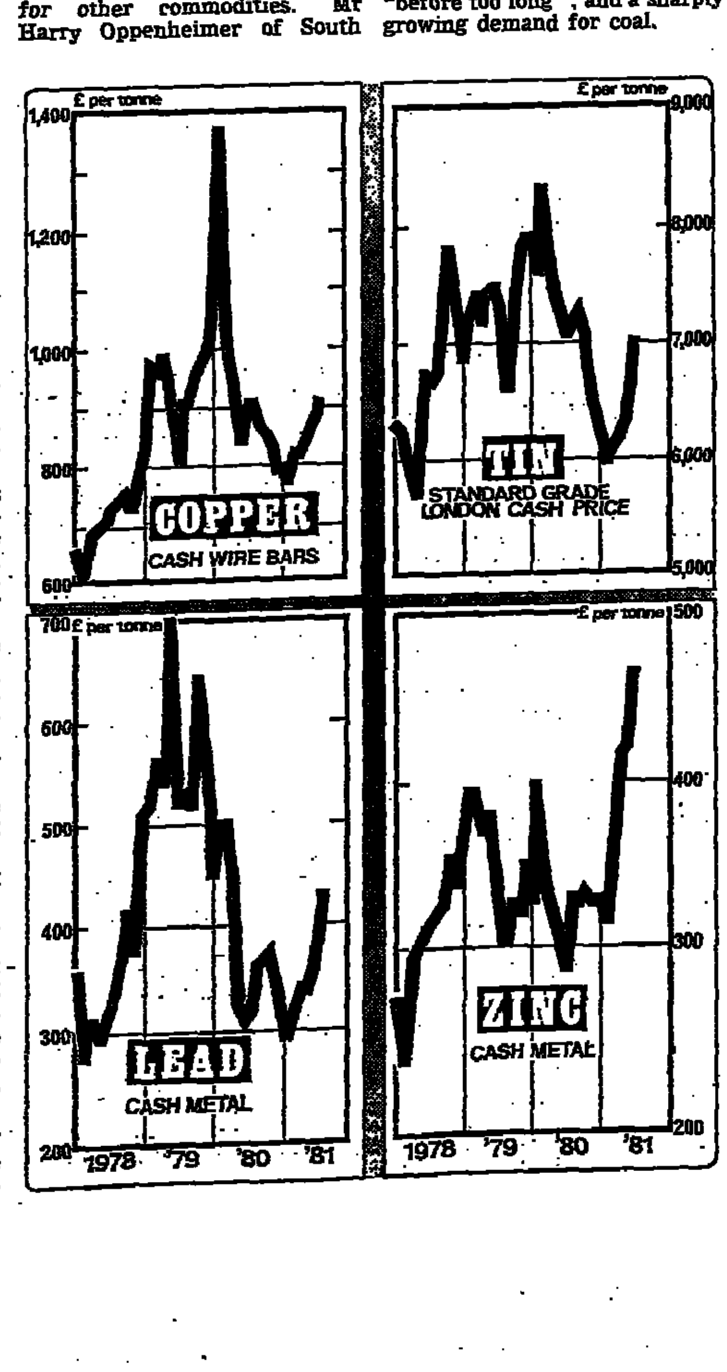
What must intrigue followers of the shares of the metal producers is that not only are the companies' earnings very much geared to metal prices but also the share prices are similarly affected in this way.

As a result the prices of mining shares stand at well below the value of the companies' assets, let alone the replacement value of the mines, plant and equipment that they represent. This, of course, makes them especially attractive to the big oil companies looking for long-term investments.

As a long-term investment good-class mining shares should also find a place in any mixed portfolio. In the short term, however, investors should not get carried away by the current improvement in sterling prices of the metals; because of the strength of the dollar the improvement is less marked in U.S. metal prices.

Remember, too, that some very poor results are due to be reported by the mining companies for the second quarter, or the first half, of this year. They could provide buying opportunities in the sharemarket, but what nobody can tell at this stage is whether London metal prices are heralding a false dawn, or the real thing.

Finally, what of the outlook for other commodities. Mr Harry Oppenheimer of South Africa's Anglo American Corporation group has this week foreseen "a new phase of moderate but sustained" recovery in gold price when U.S. interest rates recede; "some years" before the uranium market improves; re-stocking of diamonds by retail jewellers "before too long"; and a sharply growing demand for coal.



YOUR SAVINGS AND INVESTMENTS

Ian Rodger reports on two new investment trusts

Way into small companies

SHARES IN two more investment trusts specialising in unquoted companies are being offered to the public next week.

Foreign and Colonial Management is launching F & C Enterprise Trust (FACET) by way of an offer for sale of 50m shares at 20p per share. The £10m raised is to be invested mainly on small unquoted companies, other than oils, in the UK, U.S. and Japan.

Simultaneously, East of Scotland Investment Managers is bringing its six-year-old East of Scotland Onshore Fund, which invests in small oil service companies, to the market by way of an offer for sale of 4m new shares at 64p per share.

Last May, the Stock Exchange eased its restrictions on holdings of unquoted companies by investment trusts, and three new funds in this area have already been set up and floated.

They are First Charlotte Assets Trust from Ivory and Sime, Murray Technology Investments from Murray Johnstone and United Computer and Technology Holdings from Energy Finance and General Trust.

FACET plans to invest about half its resources in U.S. and Japanese companies and half in UK companies. "It will attempt to find small companies that are past the start-up phase and within a year or two of going public," says Mr James Nelson, executive director.

He expects it will be difficult finding promising UK companies in this category and so subscribers to the offer are being asked to put up only 12½p on application and the remaining 7½p by November 2. Also, warrants are attached on the basis of one for every 10 shares, enabling the subscriber to buy one share at 20p from 1983 to 1991.

FACET has attracted Mr Quinton Hazell, the well-known entrepreneur and chairman of Supra, to be its chairman. Other non-executive directors are Mr Peter Burton, managing director of Computer and Systems Engineering, and Mr Peter Curry, chairman of Unitech. The other executive director is Mr Andrew Barker, who manages the highly successful Alliance Investment Company for the F and C group.

Of the £10m being offered, £7½m has already been placed with institutions but the directors say private investors are very welcome. The fund will be aiming for capital apreciation and expects that its dividends, which will be paid once a year, will be small.

East of Scotland, which has holdings in 13 oil service companies, intends to continue its policy of investing principally in unlisted companies.

The existing portfolio was acquired at a total cost of £1.79m and was valued by the directors at June 25 1981 at £4.25m. Net asset value of ESO at that date was £4.4m or 73.3p per share. But the public offer will dilue the NAV to 66p. The group's largest investment is a 5.4 pe rcent stake in Oilfields Inspection Services, which is planning to come to the Unlisted Securities Market later year.

Major shareholders in ECO are London Trust, Industrial and General Trust, N. C. Lombard Street Nominees and the Scottish Eastern Investment Trust.

The ECO offer has been underwritten by brokers Parsons and Company and Williams de Broe, Hill Chaplin and Company. FACET has been underwritten by Morgan Grenfell and its brokers are Laing and Cruickshank.

The prospectus for FACET will be published in Monday's issue of the Financial Times, and applications for shares of both trusts are due by 10 am on Thursday, July 23.

Comment, Page 14

Easier buy-outs

THE POPULARITY of management buy-outs has been growing rapidly in recent years. But up to now they have been extremely complicated to set up, due to the conflicting requirements of tax and company law.

However, amendments have now been added to the Companies Bill 1981 that should ease the passage of buy-outs considerably.

The market leader in organising the purchase of a company or subsidiary by its managers is the Industrial and Commercial Finance Corporation, which last year arranged about 70. Accountants Thornton Baker are also active in the field, organising seven or eight in the past 12 months. So it looks as if the number of buy-outs is running at well over 100 a year.

The depth of the present recession is a prime reason for the large number of buy-outs, with big groups in need of cash looking hard at peripheral activities. At the same time the merger activity of the past decade or so has left many companies with activities on their hands in which they are not particularly interested.

Meanwhile, the changeover in the stock relief system means that businesses which cease trading altogether can face a hefty tax clawback charge—so selling out to a subsidiary's management can be an attractive alternative.

The crux of the difficulty has been a clause in the 1948 Companies Act that prohibits companies giving financial assistance for the purchase of its own shares or those of its holding company.

To get round this, managements which have succeeded in buying out their company with the help of the parent have been forced to liquidate the subsidiary and transfer the assets to a new company—but this often implies a heavy capital gains tax charge.

There seems to have been little prospect of a change in tax law to accommodate this, but the Government was planning to redraft the 1948 companies legislation anyway in the light of recent court cases which had interpreted the clause more widely than had been intended.

At the same time the Government has taken the opportunity to allow a private company to give financial assistance to managers buying out a subsidiary, subject to safeguards. The position remains stricter for public companies, however.

As the amendment stands, there are still some niggles. In particular, the necessity for a non-trading holding company to continue in existence for 12 months entails tax disadvantages.

However, the Department of Trade may well decide to ease this requirement before the Bill receives the Royal Assent, probably in October or November.

David Freud

Peter Riddell, Economics Correspondent, star-gazes at inflation

Showing the amber light . . .

IF WE compare the 2.8 per cent yield in real terms (at which the index-linked stock was sold last week) with the alternative, which would have been about 15½ per cent nominal—which is what long-dated conventional gilt-edged securities were yielding at the time — the 15½ per cent nominal can be considered to be a lower yield only on a singularly defeatist view of inflation, and one that the Government most certainly do not share.

Nigel Lawson, Financial Secretary to the Treasury.
House of Commons, July 14th.

IT IS ironic that a prominent Minister of a Government which believes so strongly in market forces should question the judgment of the market. But one of the most telling guides to the Thatcher Administration's economic performance has been the rise of well over 2½ points in the yield on long-dated gilts since the 1979 election.

This movement reflects the market's scepticism about the Government's fiscal and monetary plans and, in particular, about the chances of a sustainable reduction in the inflation rate to single figures. It is a fair bet that if the balance of market opinion believed that such a rate was achievable nominal yields would not be at the current level.

The retail prices index, published yesterday, tells part of the story. The 12-month rate of increase, the main "headline" measure, has now settled in the 11 to 12 per cent range. This is after moving up and down like the Grand Old Duke of York in the last couple of years. At first, the combination of accelerating pay rises, higher oil prices and a near doubling of Value Added Tax pushed the 12-month rate up to 21.9 per cent in May last year.

Since then the strength of sterling (at least until earlier this year) and the recession have led to a marked slowdown. However, there has been a wide divergence between the low price rises for many private sector goods in competitive markets, such as clothing, and the rapid price increases for many public sector services.

The deceleration has so far left the 12-month rate above where it was at the low point of the last inflationary cycle in the summer of 1978—around 7 to 8 per cent.

Indeed, the outlook has deteriorated in the last few months. The sharp fall in sterling against the dollar—and to a lesser extent against the main Continental currencies—has pushed up the cost of Britain's raw materials, in spite of the fall in the dollar price of crude oil.

Consequently, the chances of a further significant slowdown in the inflation rate over the next 12 months now looks remote. There is little dispute that the latest (unpublished) Treasury forecasts indicate that the 12-month rate is unlikely to decline to 10 per cent by the end of this year and to 8 per cent by mid-1982, as projected in March.

That does not necessarily mean a swing in the pendulum to total gloom. While there is a wide range of forecasts, most City and academic economists believe that there should not be another big acceleration in inflation from present levels. This is because the slowdown in wage rises in the present round should offset some of the impact of the fall in sterling.

Much will depend on what happens to sterling and to pay rises next winter. The snag is that if the 12-month rate of price inflation is to be reduced to, say, 5 per cent, there will have to be a large squeeze on the real (inflation adjusted) take-home pay of most workers. This is easier to urge, than to imagine, before an election.

As the accompanying table shows, one result is that the UK inflation is now, and may remain, above the international average for industrialised countries.

PRICE COMPARISONS —RISE IN CONSUMER PRICES

	6 month to May	12 months to May
U.S.	5.0	9.8
Japan	3.1	5.4
W. Germany	4.0	5.6
France	6.4	12.7
UK	7.3	11.7
Italy	9.6	20.6
Canada	6.0	12.3

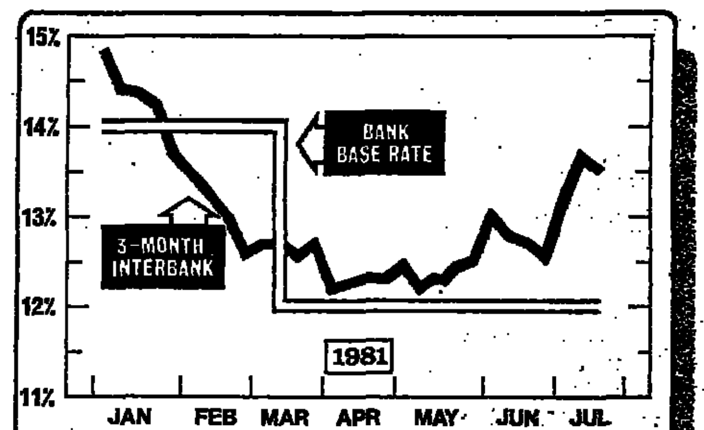
UK six-month figure inflated by bunching of Budget price and local rate rises in the spring.

Personal borrowers on a see-saw

BANK BASE rates, which are the key to what personal borrowers have to pay for their money, have been extraordinarily stable over the last couple of years.

During this time the banks have adjusted their rates on only four occasions which compares with three mortgage rate movements by the building societies, which pride themselves on the stability of their rate structure.

However, it looks as if the period of stability for bank base rates is coming to an end. Personal borrowers are probably going to have to face an increasing number of minor fluctuations in their borrowing costs in future.



In the short term, attention has been concentrated on the possibility of a rise in bank base rates, which have been stuck at 12 per cent, in line with Minimum Lending Rate, since early March.

Earlier this year it had been widely expected that bank base rates would have fallen below 12 per cent by now. However, sentiment has changed and the banks now face pressure to raise their base rates.

A number of things has happened of which the most important has been the sharp drop in sterling against the dollar. Having started the year trading above $2.40, sterling has dropped below $1.90.

One of the problems for the authorities has been the civil servants dispute (in its 19th week) which has meant that an extra £5bn of uncollected taxes are swilling around the financial system. This has depressed short term rates and this in turn has helped precipitate the weakness in sterling.

At the beginning of last week the Bank of England gave a nudge to short term interest rates in an effort to stem the pound's slide.

BASE RATES

WILLIAM HALL

The authorities are aware that they are walking a tightrope. If they force up the price of seven day money too much then the banks' big customers, who can borrow at base rate plus one per cent (13 per cent), will invest in seven day money.

This device is known in the trade as "round tripping" and so far the Bank of England has managed the money markets sufficiently well to avoid extensive "round tripping."

However, three month interbank rate, which is a good guide to the banks' cost of funds in the money markets, is well out of line with base rate. Theoretically, prime bank customers can borrow and onlend in the money market given them a ⅛ turn on their money. Few are prepared to take the risk because it could be expensive if the banks raise their base rates.

The banks could easily justify an increase in their base rates given the current level of three month interbank.

The Government shows no sign of moving Minimum Lending Rate from its present level of 12 per cent and this still has a powerful moral influence on the banks' attitude to their own base rates.

Yesterday, money market rates lurched upwards once again and the likelihood of a base rate increase came much nearer. If three month interbank rates stick above 14 per cent many banks will be tempted to raise their base rates, even if there is no move on MLR.

However, the Government is introducing a new system of monetary control on August 20th. Until the new system is in place no one is sure what will happen. But there is a good chance that MLR will disappear and many bankers believe that the new system will result in more rapid and small changes in base rates.

A three-cornered fight

THE SCRAMBLE by the institutions for the savings of the small investor presents a picture of complete confusion.

Banks, building societies and life companies are competing against each other, both within and without, and against the National Savings Movement.

Mr Leonard Williams, chief general manager of Nationwide Building Society, has commented on the strong competition in the personal savings market, with particular reference to the aggressive selling by the clearing banks for savings and for house mortgage business.

Midland Bank on Thursday stepped up its attack in the mortgage field by announcing the introduction of a savings scheme with guaranteed house mortgage facilities from September 1.

Under this scheme if investors save a minimum of £60 a month for two years, they will be guaranteed a mortgage of five times the amount saved, including allowance for interest credited, subject to a maximum of £30,000 guaranteed.

The plan pays interest at the bank's deposit account interest rate, the current level being 9 per cent per annum credited quarterly.

The amount of mortgage advanced has to conform with all the terms of Midland's House Mortgage scheme, and these were also improved this week. The main changes are:—

- House loans of up to £150,000 are now available with no minimum.
- The amount of the loan is now 2½ times the higher of the annual salaries of husband and wife plus the whole of the lower salary instead of half the lower.
- The limit for loans up to £40,000 is raised from 90 per cent to 95 per cent of a professional valuation or cost, if lower.
- The bank's property valuation report will be available to applicants with the added option of having the report extended to a full structural survey.

Midland also offers top-up mortgages from £2,500 to £25,000 and it has arrangements with four life companies for endowment mortgages.

The present level of interest rates charged by Midland on its mortgages is 14 per cent on the first £25,000 and 14½ per cent on the excess of £25,000. Top-up mortgages are charged at 14½ per cent.

SAVINGS

ERIC SHORT

Meanwhile, the building societies are steadily improving the terms on their special savings schemes. Nationwide, this week, launched its new range with three simple schemes which it hopes will be easy for savers to understand.

The More Flexible Share Account offers the ordinary share rate at 8½ per cent, which is net of basic rate tax. The Nationwide Bonus Account offers a ¾ per cent differential to investors willing to put up at least £2,500 and wait 28 days to withdraw.

Finally, the range of Capital Bonds is being replaced by a single five year bond with a guaranteed differential of 2 per cent above the ordinary rate, with a minimum investment of £500. Withdrawals may be made giving 90 days written notice, with no interest paid on the amount withdrawn during the period of notice.

Abbey National is stepping up its drive for funds first by offering an extra 1 per cent on its 12 month investment and secondly by paying an extra 2 per cent for a 10 year 40 plus Bondshare.

So the new bond from Abbey is currently paying interest at 10½ per cent net of basic rate tax and can be used to provide either income or capital growth over the ten year investment period. It is only available to the older investor aged 40 or over.

In launching the 40-plus Bondshare, Abbey National becomes the first building society to make a long term investment available to depositors. It is thus taking on the life companies in their own field.

Life companies have always regarded the long term investment as their field, and investors with 10 year policies get life assurance tax credits. This credit is for regular savings plans, but life companies can adapt this to single premium investment by back-to-back arrangements using a temporary assurance policy to act as a feeder policy to a regular savings plan.

Assuming the 10½ per cent rate is maintained for the 10-year period, an investor on basic rate tax, putting £5,000 into a 40 Plus Bondshare would receive a yearly income of £525, payable half-yearly or capital growth to £13,920 if the interest is left to roll up.

Equitable Life, the top life company for 10-year contracts, would for the same outlay provide an income of £541 paid annually or a capital growth sum of £14,896 for a 45-year-old investor.

So under present investment conditions, the life company plan has the edge over the building society, thanks to the tax credit. For higher rate taxpayers, however, the difference is much more marked.

If the investor was paying tax at a top rate of 45 per cent, the net interest falls to 8¼ per cent and for a £5,000 investment the income from the Bondshare drops to £412.50 and the capital growth to £11,225. The drop on Equitable Life's plan is minimal, with income of £477 and capital growth of £13,879 for the 45-year-old investor. The capital sums on the endowment assurance are paid free of all taxes after 10 years.

These examples assume that Abbey National can maintain interest rates at present levels and that Equitable Life declares its current bonus rates in practice. The latter are likely to be much the steadier of the two.

HOW TO SPEND IT

by Lucia van der Post

Present and select

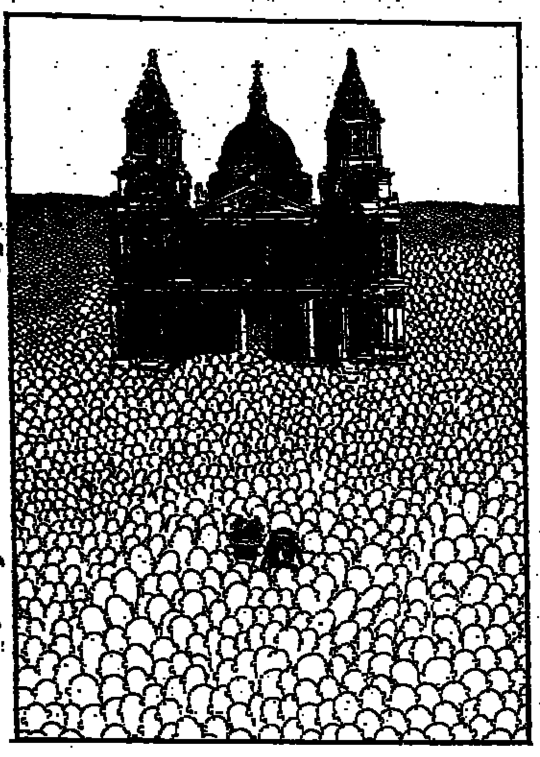
IT MAY be no surprise to most of us to discover that we British are a nation of sentimentalists, particularly where the Royal Family is concerned, but it is quite a discovery, to me at least, to learn that Royal Wedding souvenirs are as hotly sought after in Australia, America and even Japan, as they are here. Royal Wedding fever seems to have gripped the average shopper. As one store spokesman put it, "You only have to put a picture of Prince Charles and Lady Diana on an object and it sells almost at once."

So the message, as before, is —if you want a particular souvenir you've no time to lose. Anybody near a National Trust shop will find a small selection of some exceptionally charming designs. For those who cherish the Prince's Welsh connections, the traditional Welsh miner's lamp has been sealed down to make a charming souvenir—3 ins high, in proper brass, it looks just like the real thing (which are also on sale) but because of its size it doesn't actually light up. £9.66 (p+p included) from 10 Dryden Chambers, 119 Oxford Street, London W1R 1PA.

More and more charming tapestry kits celebrating the event are emerging—I like particularly Glorafilia's version. Included in the design are the four flowers of the United Kingdom, solhouettes of St. Paul's Cathedral and many other motifs. The finished design measures 13½ ins by 15½ ins and costs £19.50 direct from Glorafilia, 10 Winterstoke Gardens, London, NW7.

Mrs Payne of Great Down Farm, Marnhull, Dorset, has produced a very traditional tapestry kit, featuring the Prince's feathers and the words Ich Dien, £19.95 (50p p+p).

Below is a small collection of some of the best of the latest souvenirs.



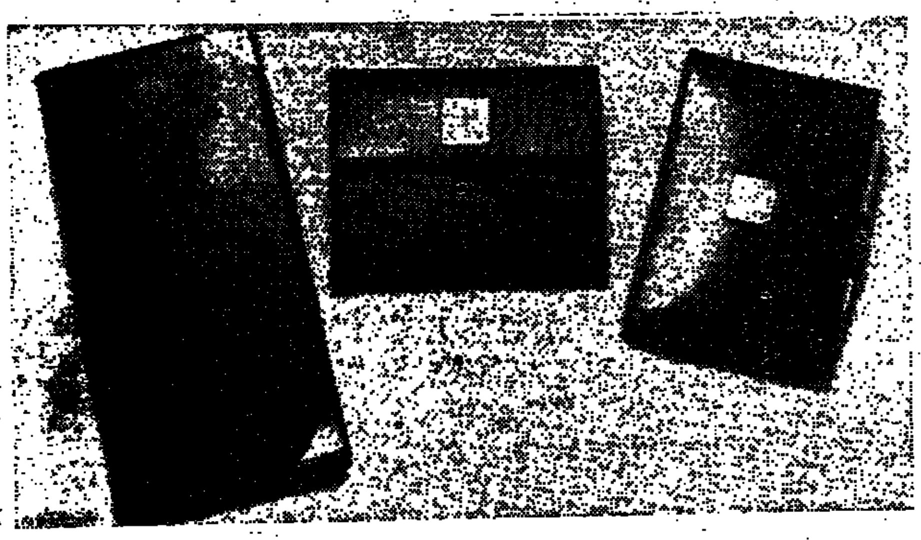
▲ Cheap, cheerful and exceptionally charming is this Royal Wedding poster by Tony Matthews. At £1.50 (50 p+p) it is one of many souvenirs featured on a leaflet produced by Solution of 27 Cathedral Place, St Paul's London EC4. Whether you like your souvenirs tasteful, jokey, frivolous or serious, from a note-pad at 99p to a loving cup at £250, there really is something for everybody. The leaflet itself is free—just ring up, call in or write for it.

▲ Cumbria Crystal has produced a full range of its own lead crystal pieces to commemorate the Royal Wedding. Each item is handblown, hand engraved, numbered and signed, and all feature a decorative royal inscription.

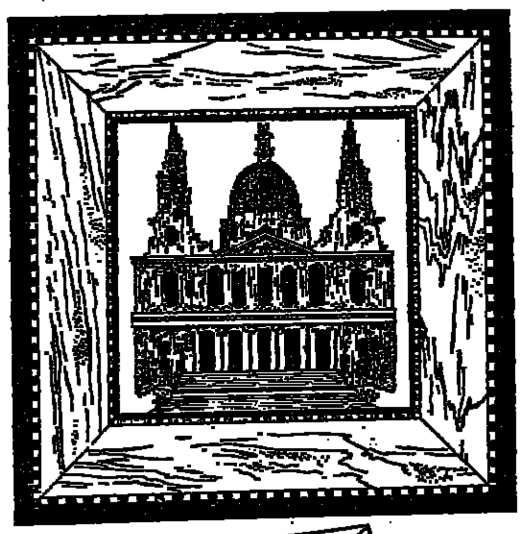
The range is based on 18th century designs which accounts for the general pleasingness of the shapes. As you can see from the two-handled loving cup, photographed above, there is a gentle sturdiness about the designs that make them charming pieces of glass in their own right, quite apart from the fact that they commemorate July 29.

The loving cup is 6¼ ins high and can be ordered direct from Cumbria Crystal, Lightburn Road, Ulverston, Cumbria. It is £70 (£2.50 p+p) but it can also be seen and ordered through department stores.

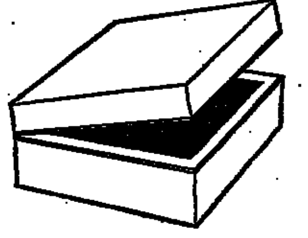
Besides the loving cup, Cumbria Crystal also offers a wine goblet, a baluster with an "air twist" stem, a hand-bell and an 8 ins vase. Full details from Cumbria Crystal.



▲ A marvellous change from tea-towels, glasses and mugs, is the restrained and understated use of the ostrich feather Prince of Wales emblem found on the leatherware made by Marshalls of London. If you happen to be in need of some new, high-quality leatherware—whether a wallet, a credit-card holder or a note case—Marshalls has embellished some fine box calf leather items with a small, dignified and entirely appropriate plaque. Each plaque is engraved with the ostrich feathers and the initials C and D. Just the thing for those who believe in souvenirs being sensible, unostentatious and useful. The wallet, which should fit into most breast-pockets, is £38, the credit-card case is £20, and the leather-covered notepad, £16. Asprey of New Bond Street, Harrods, Mappin & Webb branches and Simpson of Piccadilly all stock Marshall's leatherware.



▶ The Design Centre shops in the Haymarket, London SW1 and in Glasgow, Cardiff and Terminal One, Heathrow Airport, still offer one of the best selections of desirable commemorative items around. Thimbles, though a totally traditional design, have here been given a very modern, yet utterly appropriate, treatment by Shirley Frost and have thus been turned into decorative and original souvenirs. In hall-marked sterling silver, the thimbles are £25.30 each and are to be found in all the Design Centre shops, in particular in the Haymarket branch where they form part of the souvenir exhibition running from now until Saturday, September 5.



▲ One of the most exquisite souvenirs I've seen. Handmade by Robert Vorley, this box, featuring St Paul's Cathedral, is an example of an old English craft called Tunbridge Ware which flourished in and around Tunbridge Wells between 1680 and 1900. Fourteen different woods have been used which are transversely cut into over 45,000 1mm veneers and then glued together to form blocks. The resulting work is a masterpiece. The box is one of a limited edition of 140. Seven inches square by three-and-half inches deep, the boxes are lined with green corduroy with a commemorative plaque inside. £120 to order from Casson Gallery, 73 Marylebone High Street, London W1.

Drawings by Frank Wheeler

▶ For those who like the really special, one-off craft souvenirs, Maggie Wareham has produced a whole series of charming and individual hand-made models of the Royal couple, all of which are on sale at Heal's of 196, Tottenham Court Road, London, W1. Sketched right is a delightful mobile featuring the Royal couple floating along beneath a hand-carved brightly-painted balloon.

In the version shown here the balloon is hand-carved from a solid piece of wood and then painted and lacquered in red, pink and yellow and decorated with coloured beads, shells and string.

There is a complete series of the Royal couple ballooning although in each the couple is doing something different—whether kissing, waving, or allowing the bride's veil to blow in the wind. £45 each (p+p £2).

Wok's cooking

BY JULIE HAMILTON

AMERICA HAS gone crazy about the wok. Britain is sure to follow. What is a wok? The wok is the traditional cooking implement used by the Chinese down the centuries, but it is relatively new in the West. The traditional wok is made of steel, has a round-bottomed deep frying pan with a dome-shaped cover and a stand, which you place over the heat. It needs to be oiled fairly regularly to prevent it from getting rusty.

The authentic Chinese wok is chiefly used for the stir-fry method of cooking, though it can also braise, poach, fry, boil and steam. Because the sides of the pan get every bit as hot as the base, so food is cooked at very high temperatures, sealing in the flavour and crispness. The stir-fry method involves moving the food constantly in the pan so that it cooks evenly and quickly.

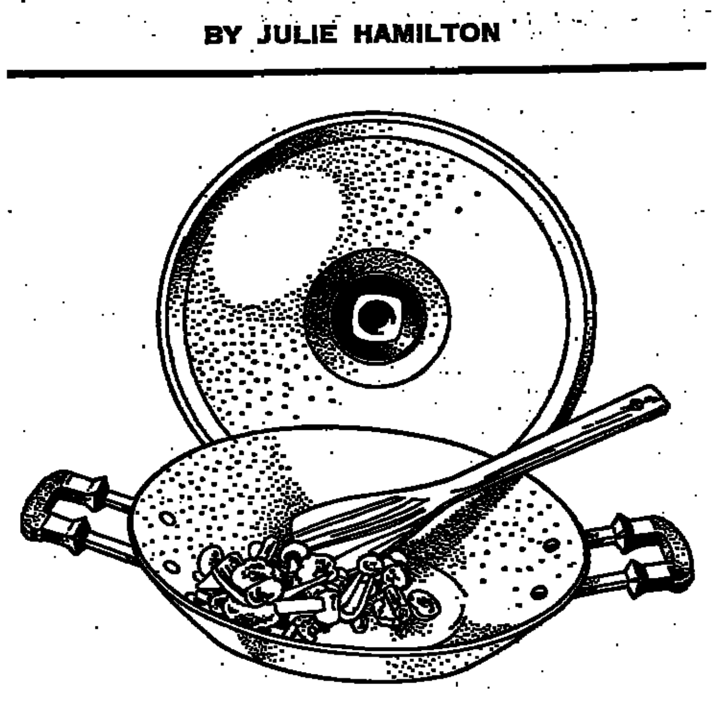
This method is particularly good for cooking vegetables. As little fat need be used, the vegetables cook in their own juices, retain the maximum flavour and vitamins and emerge crunchy and fresh-coloured. Cooking them is simple—the best results are achieved if you finely shred or slice them first. Then simply stir them over the heat until they are ready, season and serve.

Though I have found the wok to be an eminently practical way of cooking everyday meals, those who want to give their food a touch of the exotic can learn from the way the Chinese use the wok. Oyster sauce, soy sauce, sesame oil and fresh ginger are some of the ingredients that are essential to true Chinese cooking and if one or more of these are added to simple combinations of vegetables and fish or meat, they give the food a delicious recognisably Oriental flavour.

Though wok cooking is basically very simple, it does require a slightly different approach to conventional cooking. The food, once it is in the wok, cooks very quickly, so all the preparation needs to be done beforehand. Ideally, it should all—meat, fish and vegetables—be cut into the appropriate sized pieces in advance, so that once the cooking starts the hands are free to stir when necessary.

I am always curious about new ideas in cooking and wanted to try one out but I couldn't find the genuine article in the fairly conservative country town near which I live. Instead I found an Anglicised version of it.

It is called an "all-purpose fry, stew, steam everything pan." Made by Meyer and sold by Timothy Whites, this version costs £14.99. It does not have a rounded bottom and therefore can be used on gas or electricity directly without a stand. I find it works extremely well on an Aga cooker too. It is Teflon-coated which is marvellous as food cooks without burning if one simply wipes one drop of oil round it first.



Sketched above is the Anglicized version of a wok, the Teflon-coated model by Meyer that Julie Hamilton bought from Timothy Whites for £14.99. Those who are interested in the traditional Chinese steel version will be able to buy it from Habitat shops for £9.95. The price includes an information and recipe leaflet as well as six sets of chopsticks. A useful paperback on the subject is Kenneth Lo's "The Wok Cookbook," published by Granada, £1.25.

My wok has several advantages. Because it needs only moderate heat and is therefore incredibly economical to use, it would make an ideal present for any youngster setting up home for the first time. For those who live in one room, it offers the chance to cook complete meals in one pan that are not only much more delicious but also much more nutritious than the usual fry-ups that are often the only alternative.

I have found my wok a joy to work with and I now use it every day. It is attractive enough to bring to the table. A little bamboo square comes with it. This puzzled me at first but I soon discovered that you put it in the bottom of the pan and almost cover it with water. You then use it for steaming, putting fish, asparagus or what you will on a plate, which you stand on the square.

I cook my children's breakfast in it. When I cook the egg, sausages and bacon in the morning I put them all together in the pan (my son likes his egg hard), put the lid on and sit back and enjoy my coffee. No splattering fat, no hot face, no bother at all for a half-asleep mum.

The day I bought my wok I dashed home and started cooking pork slices, potatoes and peas for my children's high tea. I used no extra fat, I cut the potatoes into small bits and added the peas five minutes before serving (they were frozen). I used a low heat and allowed about half an hour. The result was a wild success.

The potatoes took on the flavour of the pork. Of course this is a slightly unorthodox way of using a wok, but why not? Just think of the scope it offers.

Making an omelette is a dream. Suppose you want to make a chicken and courgette omelette. First cook the chicken cut into small strips off the bone in a little butter, then add the courgettes cut in julienne strips or thinly sliced, salt, pepper, a squeeze of lemon and a pinch of rosemary. Stir for a minute or two, then add the omelette mixture, stir well and put the lid on until it has set. It will be perfect and so easy to serve. Think of the inventive possibilities!

Try tiny new potatoes cooked in the wok with a tablespoon of butter and a teaspoon of finely chopped thyme; a minute before serving add a teaspoon of lemon juice and a handful of button mushrooms, salt and pepper.

Sweet 'n' sour fish

Serves two

Here is a recipe for sweet and sour fish which takes about 10 minutes to prepare and cook. It is not a traditional Chinese recipe but captures something of the delicate spiciness of the East.

12oz coley; 1 red pepper; 2 tomatoes; 2 large tablespoons sweet green tomato pickle; 2 cloves garlic; 2oz walnuts; 1½ tablespoons soy sauce; ½ teaspoon ground ginger; ½ teaspoon cumin; a dash of tabasco (optional); 1 dessertspoon oil.

Heat the oil, add the finely chopped garlic and red pepper. Skin and cut the coley into walnut-size chunks, making sure it is free of bones. Toss it in flour to coat each piece, then add it to the pepper and garlic, stir and add the tomato, skinned and cut into small chunks, the tomato pickle, soy sauce and spices. Stir gently. Break the walnuts between your finger and thumb and add them. Put the lid on and cook for about three to five minutes. Serve with rice or noodles and a simple green salad.

Liver and fennel

Serves two

Liver lends itself to wok cooking very well; add fennel to it and you have a delicious combination.

2oz bacon, cut in thin strips; 4oz liver, cut in thin strips and tossed in flour; approximately ½ of a fennel, finely sliced; 1 clove garlic, chopped; 1 small bunch chives, chopped; a few sprigs parsley, chopped; 2 tablespoons tomato purée; 3 tablespoons water; 3 or 4 tablespoons red wine; lots of freshly ground black pepper; salt to taste.

Put a few drops of oil in the pan, add the bacon and garlic, stir, then add the liver. Stir for a few minutes to brown it, then add the fennel, mix well and add the tomato purée, water and wine. Put on the lid and cook for about five minutes. Add the parsley, chives, pepper and salt to taste; stir well for a few seconds. If it seems too dry add a drop more wine or water. Serve with creamed potatoes and French beans.

PROPERTY

Old mills by the stream

BY JUNE FIELD

See yon little mill that clacks
So busy by the brook?
She has ground her corn and paid her tax
Ever since Domesday book.
— Rudyard Kipling.

I WAS CAREFUL not to disturb the ducks when I went to see Fishbourne Mill in West Sussex. Although it is the millpond and marsh that is designated their sanctuary by the Chichester Harbour Wildfowlers' Association, the birds also like to sit in the middle of the lane, and make no attempt to move when a car comes near. They obviously have implicit faith in the "no parking sign."

In this picture-book tranquil setting by thatched cottages with roses round the door, is an old corn mill, converted to three apartments some 20 years ago by a local architect, Mr Reynish. The 4-bedroom, 2-bathroom first floor flat, with views across pretty gardens to Chichester harbour beyond, is for sale at £72,500 including carpets and curtains through Wyatt and Son.

The same agents recently auctioned the nearby West Ashling Mill with cottage, pond and about 9½ acres in an equally idyllic situation. This mill was unusual, built about 1825 for paper milling, then used for corn; in the 1860s a hollow post was added on top to enable it to be powered by wind and water, and it is believed to be one of only six of its kind in the country. The bidding for it went to £108,000, considerably more than the guide price, even though the buildings were very much in their original state, with an enormous amount of work to be done to make them suitable for living in.

"But anything interesting in the right country location sells well in this area," explained Wyatt partner Mr Nick Neal, "and even quite small period places with inadequate sanitation, that need a lot spending on them can command a high price." For an appointment to view the mill at Old Fishbourne, plus various timber-frame and flint cottages that are for sale in the surrounding villages from about £35,000, contact Mr Neal, Wyatt's, 59 East Street, Chichester (0243 786581).

Like the farms and barns of the countryside, mills were usually soundly built of sturdy local materials. In spite of hazards such as flooding rivers, marshy grounds providing a poor bearing for foundations, water-logged soil making timber piles liable to rot, and heavy machinery weakening the structure, a remarkable number have survived. Not all with their original workings, of course, because when the fashion for converting work-buildings to residential use first got under way, conservation was not a major consideration, and much was taken out or even destroyed.

For instance, the Mill House, Bottesford, Nottinghamshire — thought to date from Norman times when it was used as a mill with flour being conveyed to Belvoir Castle by the River Devon—had its machinery dismantled as long ago as 1726, and moved to another building whereupon the place became a private house. It was recently for sale on offers in the region of £87,500 through Mr Peter Burrows, Strutt and Parker's Grantham office.

The Old Mill House, Great Gransden, on the Bedford/Cambridge border, the former home of Queen Marie of Yugoslavia during the last war, also has an interesting history in part from 1600. It was enlarged about 50 years ago from the old mill cottage by Mr Wallis Mills, a *Punch* contributor. It is also believed that Samuel Pepys once slept there. Now the 4-bedroom, 2-bathroom main house, plus a two-room cottage, is for sale in the region of £200,000 through Knight, Frank and Rutley, 20, Hanover Square, London, W1. Included in the 16½ acres grounds are a formal rose garden, tennis lawn, orchard, and two paddocks with a newly built floodlit stable block for 12 horses.

If you are really the stuff that restorers are made of then essential reading is painter and cartoonist Mr Norman Thelwell's delightful new book, *The Millstone Round My Neck* (Eyre Methuen £6.95) which is a personal dossier of a labour of love. In it he describes and illustrates with his own drawings, the joys and sorrows of restoring Penruin, a derilict old Cornish water mill by a trout stream not far from the moors: "The air was as clear and potent as cider, the sunshine as soft at cream . . . . . we were in love with it all: the crusty stone walls, the warm green slate and the penny-wort and tiny ferns which nestled in each crevice. We walked beside the streams and shaded our eyes against the dazzle of their wavelets and sat beside the river listening to its roar."

Access to the mill race and wheel is through the kitchen in the attractively converted 18th century Littlebourne Watermill in 5¼ acres with a paddock, loose box, pony shelter and fishing rights. Offers in the region of £100,000 for the 5-bedroom, 2-bathroom house with its top-floor studio, were being invited by Mr A. G. T. Harbottle, Jackson-Stops and Staff, 14 Curzon Street, London, W1 (01-499 6291), and Mr R. F. Loder Symonds, Strutt and Parker, 2 St. Margaret's Street, Canterbury, Kent (0227 51123).

Disillusionment never really seemed to set in, even though there were problems with the drinking-water supply, the septic tank drainage system, making the roof watertight, replacing rotten floor-boards, the electrical wiring, and coping with the water, the very thing that so attracted them to Penruin in the first place.

"Water coming in, however, was a different matter," admits Mr Thelwell—describing how it poured down the chimneys in alarming quantities. "And sometimes, if the wind was in the wrong direction, under the doors. The yard turned into a small lake after heavy rain which was frequent, and sometimes lapped against the cottage wall.

Opening up the Victorian fireplaces seemed a good idea, at the time, except that in a heavy downpour the big grate in the living room looked "like an indoor shower with the water turned on." The water supply from the spring was a bit erratic and it was never certain that the electric pump would work. "We became hypersensitive to the pipes, the cistern, the pump and even the distant spring." Cattle damaged a wall, and just as they had settled in the place, when everything was bright, neat and attractive, three jackdaws got down the chimney and created havoc in their efforts to escape outside again.

They lost a little on the outlay for the whole project when they had to sell the mill and move on, but their reasoning was that in the process they had amassed vast profits in enjoyment, summing up "There is enormous satisfaction in making something beautiful or restoring something which was once so, particularly when it is likely to give pleasure for another 100 years and be useful into the bargain. It is not possible to do anything without taking some risks."

Recently on offer "in the rough" was The Old Mill at Downton on the River Avon which has planning permission for conversion into one to three residential units. The millstream passes round the side of the building with the mill race (the stream of water above the mill wheel), going under the centre. In the yellow brick and clay-tiled building is the one-time power-room, lobby and cloakroom, and two rooms on the first floor. There is also a grassed forecourt and parking area. Mr Paul Jackson, Jackson and Jackson, The House On The Quay, Lymington, Hampshire (0590 75025) was inviting offers between £35,000 and £40,000 for the freehold.

As John Reynolds observed in *Windmills & Watermills* (Hugh Evelyn 1970), the miller's own living accommodation reflected his changing social status over the years. On the medieval manor his position was a humble one, and in Chaucer's time he lived with his family in the mill. As the rigid restrictions of feudal customs were slowly relaxed, he became more prosperous, occupying a mill house which often formed an extension of the mill itself. In the 18th and 19th centuries as the miller became a more important figure, many handsome Georgian mill houses, separate from the main building were built, and can still be found for sale through some of the country agents.

Among the mills illustrated in Mr Reynolds' book is a white weather-boarded 18th century mill on the River Stour, producing flour until 1970. I first saw it in 1972 after it was converted to 5-bedroom, 2-bathroom living accommodation. It is on the market again at offers in the region of £100,000 through Mr A. G. T. Harbottle, Jackson-Stops and Staff, 14 Curzon Street, London, W.1. and Mr R. F. Loder-Symonds, Strutt and Parker, 2 St Margaret's Street, Canterbury, Kent. Listed Grade II as being of special historical and architectural interest, it has already attracted an offer.

Another useful book is Leslie Syson's *The Watermills of Britain* by (David and Charles, £7.95), which also traces the history of water power from the earliest horizontal wheels, plus giving one a tour round the country of mills rescued from decay; as does John Vince's *Discovering Watermills*, a paper-back in the excellent Shire Publications series.

Woodman save that tree

BY ARTHUR HELLYER

THE TREES that play such an important role in the British landscape arrive there by three routes. A relatively small number are young trees deliberately planted for purely amenity purposes mainly in parkland, large estates and as part of the landscaping of motorways. Since they are widely distributed, they make a contribution disproportionate to their numbers. Many more trees are planted commercially in forests but these are seldom kinds most suitable for improving the landscape and they are so concentrated that their scenic effect, though great in the areas in which they occur, is not widespread.

However the greatest contribution of all is made by self sown trees or trees, such as the common elm, which spread naturally by suckers. These appear in great numbers in hedgerows and in coppices which are allowed to regenerate indefinitely since the land they occupy is not valuable for farming or because the trees are useful as game cover, shelter for farm animals or as rough timber for burning, the provision of stakes and other uses.

Much has been done to encourage amenity planting but, until recently, very little of much practical value to improve the selection and spread of self-sown trees. On the contrary the numbers of these are almost certainly declining as a result of disease, damage by animals, the grubbing of hedgerows to make large fields more readily worked by machinery but perhaps most of all by the adoption of mechanical methods of hedge trimming.

Gone are the days when skilled hedgers cut and laid farm hedges by hand, bringing years of experience and observation to the work and carefully preserving saplings that were well placed to give shelter to crops and cattle or even just to beautify the farm without detriment to its profitability. The mechanical trimmers saw or flail their way along, cutting everything down to a uniform height and giving no young trees, however desirable, a chance to survive.

This is a problem which The Tree Council has accurately diagnosed and, working through The National Tree Campaign, it has recently put forward what seems to be a practical remedy provided it is carried out with tact and discrimination.

If suitable hedge saplings are clearly marked it is not too difficult for the operators of mechanical hedge cutters to avoid them. The best people to select and mark the saplings to be retained would no doubt be the farmers themselves but some may have little inclination to do so and many may be just too busy to find the time.

The Tree Council is distributing large white paper tags boldly printed in red and perforated so that they can be slipped in a jiffy around any young trees that are worth preserving. They are being made available free through county councils and the official to contact will usually be the Countryside or Tree Officer of the council who will most likely be based in the planning department.

Farmers are welcome to as many of these tags as they can use, but it is also the Tree Council's idea that volunteers should help whenever and wherever the farmer is agreeable. This is work that could be done by individuals with a sufficient knowledge of native trees or by groups working under the guidance of a knowledgeable leader. It is a task that could appeal to both young and old but, if the scheme is not to get a bad name, it is essential that the work be well done without damage to property or crops, without unauthorised trespass and without leaving any farm gates open. No tree tagging should be attempted without the farmer's knowledge and consent and the Tree Council has prepared a leaflet, How and Why to Tag Saplings in Hedgerows, which explains briefly but clearly the objects of the scheme, the benefits it can bring to farmers, the right choice of saplings, the best time to do the tagging and the subsequent management of the hedgerow trees

If volunteers are to help usefully in this work they need a good knowledge of native trees including an appreciation of their dimensions when full grown, for there is no sense in retaining trees that will eventually be a nuisance. It is just as important to have a knowledge of the root spread of the mature tree as of its branch pattern and this is far more difficult to acquire since it is not apparent to the eye and is often neglected in books about trees.

It is also essential that selected trees should be sensibly spaced and placed and these may well be the most difficult criteria for volunteers to determine. Usually in hedgerows it is attractive to have a diversity of trees but there are situations where it is preferable that all should be of the same species so creating the satisfying uniformity of a line of oaks, ash trees, limes or whatever is predominant in the area.

All of which raises anew the vexed question of the elm which is now reappearing in great numbers in many places thanks to its habit of growing from suckers. Live roots can produce these long after the old trees have been killed and the suckers will remain healthy until they are reinfected with the disease-causing fungus by the beetles which are the sole vectors of the disease. Do we really want elms to become dominant once again in much of our landscape with the chance that in time they will be suddenly transformed into ghastly skeletons? Are elms good hedgerow trees in view of their extensive and hungry roots? Everyone will have views on these matters but they must be influenced in measure by the likelihood of the elms surviving.

On this it seems to me that two points need to be made. One is that the sudden escalation of elm disease a few years ago was not due to an increase in the numbers of beetles which spread it but to a change in the disease-causing fungus itself which became considerably more virulent. Such changes have occurred before and yet in time the disease has reverted to its traditional type. This may occur again.

The second reason for hope is that means of containing the disease appear to be improving and at least one possible new method has had some success. It is known as the tree-trap technique and has been made possible by the discovery that both beetles and elms produce a volatile chemical, pheromone, which attracts more beetles to the trees. By rapid killing of affected trees with an arboricide named cacodylic acid and simultaneous treatment with Multilure, a commercial preparation of pheromone, the tree becomes a highly attractive trap to which large numbers of beetles can be attracted and destroyed. So far it has proved more effective against the smaller elm beetle than the larger elm beetle which is more numerous in the south of England but there is hope of progress in this respect. In Syracuse (New York state) this treatment resulted in a 50 per cent reduction in the incidence of elm disease during a two-year period of trial. It is the subject of an article in the current issue of Tree News, the newsletter of The Tree Council.

TRAVEL

A quiet life in the Aegean

BY JAMES FRENCH

IF YOU LIKE your islands sunny and uncommercialised and do not expect vast stretches of golden sand, Symi might be the place for you. There are no tower-block hotels and apartments, only one good hotel and one "smart" bar—and none of the boring Costa claptrap that has seaweeded its way the width of the Mediterranean and further afield.

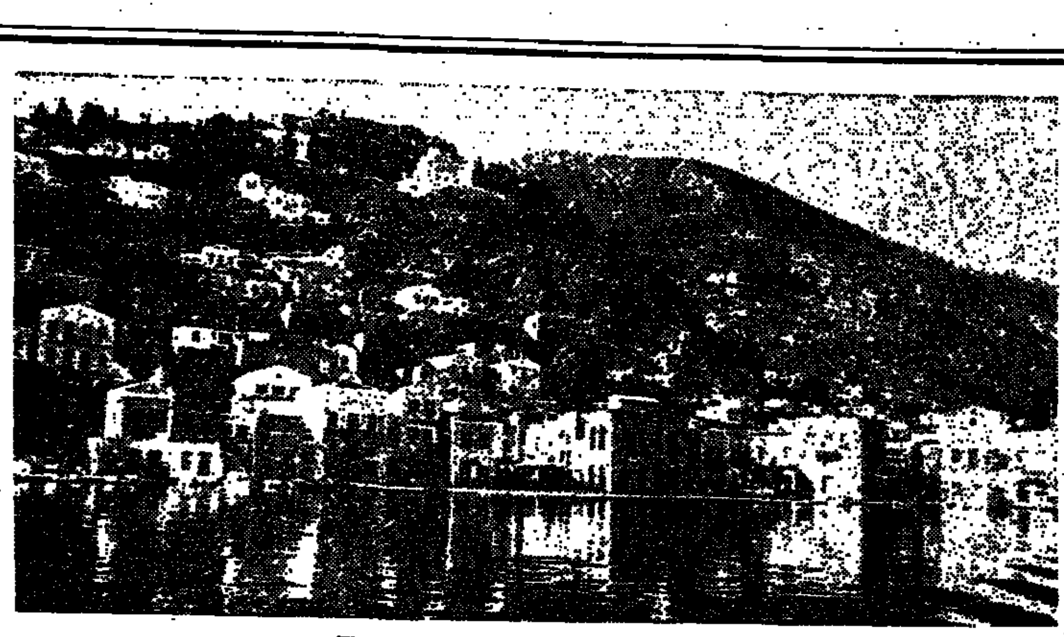
Symi is a mountain-humped, eight-mile by four herb-scented Greek isle set in a crescent-shaped bay of Turkey's south coast. The dark mountains of Anatolia look forbidding and when I was there in April I was aware of no contact with the neighbour nation a mere half-hour's boat-trip away. It is two hours from Rhodes and *Symi I*, a passenger-boat proudly owned and operated since November by an islanders' co-operative, chugs its way across the often choppy Aegean for two return trips to Rhodes most days, bringing day-trip custom.

There are about three miles of road on the island and only a small clutch of motor vehicles. The view sailing into Symi harbour is breathtaking, houses appearing perched one upon another steeply and picturesquely. Symi town is honeycombed with stone-stepped walkways and houses are measured by the number of steps up from harbour level. Most of the supplies for the upper town are still carried by donkeys, whose dawn clop-clop averts any need for alarm clocks.

Sadly, work is under way, to link Symi in the north with Panormitis in the south by road. Sadly, because there seems little need — the caiques have managed for centuries to thread their way around the rugged coastline.

When my family made its April visit, missing Easter in Britain, but, unfortunately also missing in Symi the Greek Orthodox Easter, which came a week later, organised tourists totalled 11 British and perhaps 20 Germans. The map of the island shows 63 religious places — monasteries, shrines and churches — but there are only about a dozen priests. The Byzantine art in the major monasteries is magnificent. The local beared priests in their schoolmasterly black robes and flat-topped black hats, as modelled on the world's television screens by Archbishop Makarios, are cheerful, friendly, and even more photogenic when standing to steer a dinghy with an outboard motor, or sipping cola from the can.

At the turn of the century Symi, under Turkish rule, had 30,000 inhabitants — 25,000 Greek, most of the rest Turkish, but with a Jewish community of well over a thousand. Now it is down to 5,000, nearly all Greek apart from a smattering of Europeans who have opted out of modern stresses and come to pursue their arts in this tranquil place. It was once covered in trees, but they disappeared under the Ottoman regime. The major business was sponge-hunting — carried out in distant spots in the Mediterranean, by skin-divers, whose occupational hazard was tuberculosis. The sponge is still treasured, but the handful of hunters wear modern gear.



The harbour at Symi in the Dodecanese

Symi is one of the Dodecanese — the Twelve Islands — which, despite their Greek heritage, were awarded to Italy as a prize for entering World War I on the side of the Allies. In the back end of World War II the island changed hands several times between British and German forces, with sharp fighting.

Finally, in May 1944, the *Germans surrendered the Dodecanese* to Britain in a handsome Symi building which now houses the restaurant *Les Caterinettes* (they spell it different ways; it means the seamstresses, for the women spun and sewed while their men were away sailing the seas of the world).

It is an elegant, candle-lit superior bistro, where five of us ate excellent meals at about £10 all-in for superbly-cooked main courses of melting moussaka, biftek, chicken, tender fish, plus sweet pastries, a bottle of wine, coffees and fizzy drinks for the youngsters. In touristy Rhodes the same would have cost 70 per cent more, with fulsome table service, but inferior cuisine. There are perhaps a dozen tavernas around the half-mile length of Symi harbour, and every one in which we ate served food simply but well, all with the greatest friendship, and marvellous value for money. Mind you, they were not great ones for vegetables, but the salads, containing fetta, a plain cream cheese, were crisp and refreshing.

For the equivalent of 50p you could fill an empty wine bottle with slightly sweet brandy or ouzo. I did. Often. A decent bottle of wine cost about 90p. There are a handful of arts and craft shops on Symi, where folk from Athens and other places have come to sell what they make. There is an embarrassment of choice in leather, bronze, pottery, sculptures and paintings—all good stuff, not the "tat-for-tourists" that spoils many a holiday place.

You have to be fit and healthy to cope with the climbing necessary to get about in Symi, and you are fitter when you leave. Sometimes you have to be as sure-footed as a chamois when you pick your way down the top of a stone-wall track. There are a few grey sand beaches from which to bathe in crystal-clear inlets, but they are no good for castle-building. The easy way to get to them is by hiring a boat.

Our Beach Villages of Cambridge low-season holiday cost about £900 for Gatwick-Rhodes air return, coach transfers to Rhodes Harbour (Colossus-bestraddled, according to legend), boat transfer to Symi in *Symi I*, and two weeks in a simple but charming village with three bedrooms, sitting room, kitchen, shower, balcony with stupendous view, and patio — 96 wearing, breath-sapping steps above the harbour. As we sailed away, taking in that exciting view until it dwindled into the distance, there was quite a firm tug at the heart-strings.

A Texas rancher at the Copa de Vina ranch Goliad, Texas

Last-minute bargains

BY ARTHUR SANDLES

THERE COULD hardly have been a better summer for the holidaymaker who leaves things until the last moment. Although business has been quite brisk on the foreign package tour market, this year has seen a huge rise in capacity, and so there are still large numbers of unsold holidays around. Within Britain itself most areas seem to be having their worst season for years and so accommodation is easy to come by and prices are better in real terms than they have been for a few years.

Domestically the best source of information is the local tourist board. My own choice would be self-catering cottages or apartments. Even in July a good self-catering unit with two bedrooms in a rural area can be had for £75 a week.

Blakes, Hoseasons and such companies as Anglo-Welsh in Market Harborough can offer last minute bookings in boats on English, Irish and even French waterways.

In the case of foreign holidays some retailers can be helpful, but not all of them are eager to ring around in order to meet your requirements. Thomas Cook, for all its size, has worked very hard on collating last minute booking opportunities. Cooks seems ing opportunities. Cooks seems to place an emphasis on its own product but that having been said the company is still ahead of much of the competition.

The Late Traveller (5a Gloucester Road, London SW7) is a specialist club which offers its members last minute bookings on package tours worldwide. Managing director Peter Humby says that this season most last minute requests can be met with a degree of satisfaction. It should be stressed that this is not a discount house.

In broad terms you should find it easy to get accommodation in the U.S., the Caribbean, Greece, Italy, Ireland and much of England. Less simple is southern Spain, Scotland, some parts of France and Portugal. Since such a large amount of money is involved make several calls before you choose. Try the major operators (Thomson, Horizon, Enterprise, Cosmos, Global, etc.) if you want a popular resort (Intasun or Jetsave if your choice is America) and you may get a surprise at the prices offered.

Remember that the direct selling companies — Tjaereborg, Portland and (particularly for villas) the Travel Club of Upminster, also have last minute offerings and that they are not available through travel agents.

Here are a few late booking samples: Two weeks in a villa including flight and car rental, Tampa Florida from £379 (Silvair). Two weeks full board, Italian Adriatic from £249 (Panorama). Ranches in the U.S. from £550, full board, one week all activities included (GL Travel Management, the Real America).

Camping in France, up till August 15 some tents at upwards of £65 a week and from then on from £130 a week (Holiday Villas).

These are just examples. Whether you want to camp, rent a villa or boat, have a holiday in a small pension or hotel, or go the whole hog and indulge in total luxury there is still a great deal in the market place. In the case of villas particularly, it is worth phoning companies direct to ask about cancellations.

RACING

DOMINIC WIGAN

SIX MILE BOTTOM, who finished closer to Shergar when third to the champion at Chester than did Shotgun in the Derby will, I suspect, prove too good for Lester Piggott's mount at Ayr today.

The pair clash in the 1m 3f Mecca Bookmakers' Scottish Derby, for which the sponsors, surprisingly in my opinion, make the grey Shotgun an odds-on chance. Whereas Shotgun has been having a quiet time of late Six Mile oBttom has been kept busy, and, judged by his two most recent runs, is now a better colt than ever.

The three-quarters of a length Churchill Stakes conqueror of the once highly rated Sheer Grit at Ascot, Six Mile oBttom recently completed a well-earned double when lifting the Welsh Derby. Always travelling well within himself at Chepstow the Harry Wragg trained colt was not hard pressed to cope with the Pulborough representative, Kings General.

If, as seems probably, judged on the recent trend of his form, Six Mile Bottom remains on the upgrade, there is no reason why he should not follow in the footsteps of Price Roland, who achieved the Welsh and Scottish Derby Double in 1980.

Opinion in Ireland seems to be fairly evenly divided over the respective chances of Arctique Royale and Blue Wind in the Irish Guinness Oaks at the Curragh. The first named, who came out on top when the pair fought out a memorable finish to the Irish 1,000 Guineas, has been the one attracting what bookmakers so often term the "informed money," but Blue Wind will start favourite on the strength of her Epsom Oaks performance.

With considerably faster conditions underfoot than when Blue Wind found the soft ground all against her in the Irish 1,000 Guineas the Dermot Weld filly should turn the tables. I expect the principals to be chased home by the late developing Stracomer Queen, who is though by her connections to be making abnormal improvement.

AYR

2.15—Tesoro Myo

2.45—Six Mile Bottom**

3.45—Ishkomann

NEWBURY

2.00—Suggestive*

2.30—Bulldozer

3.00—Nauteous***

3.30—The Thatcher

4.00—Spanish Bay

4.30—Medico

BRIDGE

E. P. C. COTTER

IN A SUIT contract expert declarers, like good shepherds, take great care of their side suits, to make sure that any straggler is safely gathered into the fold. But see what happened here:

N
♠ A 8 3
♡ A 10 7 6 4
♢ J 6
♣ 6 4 2

W
♠ 6 5 4
♡ K J
♢ 10 9 8 2
♣ Q 9 8 3

E
♠ 7 2
♡ Q 9 5 3 2
♢ Q 7 5 4 3
♣ 10

S
♠ K Q J 10 9
♡ 8
♢ A K
♣ A K J 7 5

South dealt at game all and bid two clubs, to which North gave a positive response of two hearts. South rebid two spades, North raised to three spades, and South introduced a Blackwood four no trumps. When North's response of five hearts showed that they had all the Aces, South made a grand slam try with six clubs. North, with no more to offer, corrected to six spades, and all passed.

Winning West's diamond ten, the declarer cashed his trump King and followed with the Ace of clubs. When East dropped the ten, South felt a twinge of anxiety. He crossed to the spade Ace, and returned a club, on which East discarded a heart. After taking his club King, declarer conceded a club to West, who was quick to remove dummy's last trump. This left South one short of his contract.

Bad shepherding. At trick two South should cash the club Ace, then cross to dummy's spade Ace, and return a club. It does East no good to ruff, so he discards. Declarer wins with his King, and gives up a club to West. Now no return can endanger the contract. If a trump is led, South wins in hand, and ruffs another club with dummy's last trump, the eight. He comes back to hand with a diamond, draws the last trump, and claims 12 tricks.

To cash the trump King at the second trick was not in itself an error, but to play a second spade before caring for the club suit was, as you saw, fatal.

The second example from a team match illustrates the same theme from a different angle:

N
♠ A 2
♡ J 10 9
♢ 8 2
♣ A J 10 9 7 5

W
♠ K Q J 9 8
♡ 6 5 2
♢ A Q 10
♣ K 3

E
♠ 10 7 6 5 3
♡ 4
♢ 9 7 5 4
♣ Q 6 2

S
♠ 4
♡ A K Q 8 7 3
♢ K J 6 3
♣ 8 4

In one room there was a fiercely contested auction. South dealt at game to North-South, and bid one heart. West overcalled with one spade, and North said two clubs. East raised the spades, South said three hearts, and West, with a sacrifice in mind, jumped to four spades. After a little thought North decided to bid five hearts, and this became the final contract.

West led the spade King, dummy's Ace won, and declarer came to hand with a trump and ran the eight of clubs. East won with the Queen, and return a diamond to defeat the contract.

Most improvident on South's part. He was alive to the needs of the sheep, but in shepherding them he failed to consider the goats—the diamonds. Greater care makes sure of the contract. Declarer should allow the spade King to hold the first trick. West switches, let us say, to a trump, won in dummy. South plays the spade Ace, throwing a club from hand, cashes the club Ace, and ruffs a club. He returns to the heart ten, ruffs another club, establishing the suit, crosses to the Knave of hearts, drawing West's last tooth, and makes his contract.

North's decision to bid five hearts was good—as West can make four spades—it was a pity his partner's technique did not match up to it.

CHESS

LEONARD BARDEN

THE ARGUMENT over the starting date of the Karpov-Korchnoi world title match has now become the arena for an international chess power struggle. As previously reported, the World Chess Federation's (FIDE) President Olafsson postponed the match from September 19 to October 19 to give the Soviet authorities time to deal with a request to allow Korchnoi's wife and son to leave the USSR. The USSR Chess Federation countered by demanding that Olafsson's decision be annulled. The issue will probably be argued out at the FIDE congress next week at Atlanta, U.S., and in advance of the congress the Soviet side is conducting a vigorous propaganda campaign to support their arguments.

Karpov himself gave an interview to the Yugoslav news agency where he denounced the change as made "not for technical but for political reasons, without justification in the regulations."

In the manner of a true chess player, Karpov went on to boost his own achievements and belittle Korchnoi's: "Twelve tournaments since Baguio, with nine first prizes. I've played 157 games in this time, 147 of them against GMs with an average rating of 2560. I feel physically fitter. The fact that Korchnoi won the challengers a second time round was not too convincing for me. He beat Petrosian because the latter was unfortunately not in his best form. The match with Hubner finished prematurely after Hubner could no longer play normally due to blundering away a rook. The only hard match was against Polugaevsky whose outcome was decided in the final game where Polugaevsky proved unfamiliar with an opening innovation.

"I have already commented on various occasions about Korchnoi's practical strength, his grittiness and fighting ability at the board. After Baguio Korchnoi, too, has not been idle and has played even more games than me, but against opposition on average 100 rating points weaker than mine."

Karpov goes on to attack Korchnoi's conduct ("remember how many of his matches were accompanied by disputes") and gives his own version of his narrow 6—5 win over Korchnoi in their 1978 title match at Baguio:

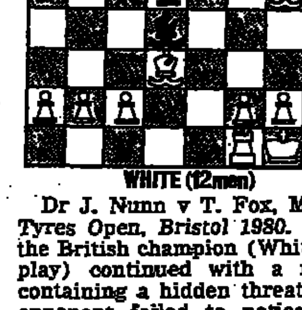
"Up to the 28th game the match ran clearly in my favour (3—1, 4—1, 5—2). If it had not been for my haste in games 20, 22 and 25 where Korchnoi was completely outplayed and was hopelessly placed the match would not have lasted 93 days and would have ended with a different score. However there came the annoying breakdown in games 28—31, apparently brought on by fatigue. But in the 32nd game my rival did not have a look-in from first to last."

FIDE has recently published the July world rating list which shows Karpov up from 2690 points to 2700 while Korchnoi has made a bigger jump, from 2650 to 2695. As Karpov says, his challenger has met weaker opposition but what he omits is that in compensation Korchnoi's wining percentages have been higher than the champion's.

My July 4 article did question whether it was wise for Korchnoi to continue his hectic pace of tournament activity at age 50, and the risk that he could burn himself out before the match is emphasised by this month's Las Palmas tournament. It was Korchnoi's worst result for many months; with three rounds to go, his score was only 2½/6 plus an adjournment, while Timman the runaway leader had 6/7. Timman also won in Amsterdam a few weeks ago ahead of Karpov.

POSITION No. 380

BLACK (12men)

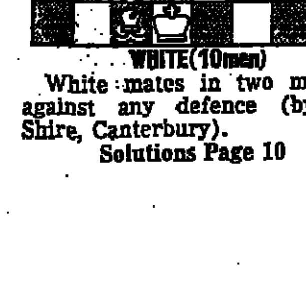


WHITE (12men)

Dr J. Nunn v T. Fox, Manor Tyres Open, Bristol 1980. Here the British champion (White, to play) continued with a move containing a hidden threat. His opponent failed to notice the idea, and replied with the routine 1 . . . P-QB4. How did the game finish?

PROBLEM No. 380

BLACK (8 men)



WHITE (10men)

White mates in two moves, against any defence (by D. Shire, Canterbury).

Solutions Page 10

MOTORING

Best to forget the price

BY STUART MARSHALL

SUPERCARS are a dying breed. They can only flex their muscles legally in one Western country —West Germany—and no-one knows how much longer they will be able to do so there. In every other country, you court loss of licence—even of liberty —if you let them display their full potential.

So buyers of a 155 mph Jaguar XJ-S HE coupé, a 150 mph XJ12 or Daimler Double-Six HE saloon will have to do one of two things to get their full money's worth. Either go for a pipe-opening blast up the autobahn now and again or drive with one eye on the road, the other in the mirror and pray there aren't any Vascars, radars or other electronic nasties lurking behind the next bridge over the motorway.

Having said all that I now have to admit the XJ-S HE is a superlative machine, a Concorde of the roads. Easy and undemanding to drive, it carries two people and their baggage in great comfort while an uncannily silky V12 engine and automatic transmission annihilate distance.

Over the years I have driven many supercars; Ferraris, Porsches, Maseratis and Aston Martins among them. The XJ-S HE, especially at its relatively moderate price of £18,950, is in a class of its own.

It can't be called a four seater because if the front ones are pushed well back, legroom in the rear is non-existent. I would like to make the man who allowed a plastic twin stripe to be stuck on its glossy metallic flanks to write out 1,000 times that what one can get away with on an Allegro just can't be permitted on a Jaguar. And we will have to wait for some months to see if Jaguar's great efforts to improve manufacturing quality and thus reliability have paid off. (This last point is crucial. Jaguar are well aware that they have lost more sales from unreliability than any other single reason in recent years.)

No production engine has ever matched the Jaguar V12 for refinement but, as chairman and chief executive John Egan put it, "we needed a major economy advance to reflect the world's increasing energy consciousness." The cylinder heads have been reworked to incorporate combustion chambers invented by a Swiss engineer, Michael May. These swirl the fuel and air together so efficiently before combustion that an ultra-high, 12.5 to 1, compression ration and an exceptionally lean mix may be used.

The Jaguar XJ-S HE. A V-12 engined supercar that no longer has a drinking problem

The rear axle ratio has also been raised so that at 30 mph, the XJ-S HE is drifting along at a mere 3,000 rpm. And the result of this development shows that the HE tag (it stands for high efficiency) is fully justified.

The XJ-S HE returns 27.1 mpg at 56 mph (the previous model did 21.9 mpg) and 22.5 mpg at 75 mph (18.6 mpg). The urban cycle consumption goes down to 15.6 mpg from the previous gas-guzzling 12.7 mpg. A fairy-footed XJ-S HE owner could break the magic 20 mpg barrier on a run though, to be fair, I can not imagine anyone having the self-control to keep so glorious a car reined-in tightly for long. I did not see 20 mpg but my 17 mpg average over 300 miles was a great advance on the 13-14 mpg I returned the last time I drove an XJ-S five years ago.

Inside, it is all traditional English leather and wood veneer, with electric windows and Jaguar's excellent automatically controlled air conditioning thrown in. You can look at the instruments without dropping the eyes too far from the road and the seats are equally satisfying for driver and front passenger. The hollow armrest is just the right size for cassettes and considering that it has to provide a home for the battery and spare wheel as well as luggage, the boot is not at all bad.

The ride is exactly right; soft enough to absorb the bumps, firm enough to allow this large, heavy and powerful car to be driven enterprisingly on winding roads without feeling untidy. Any car with 300 horsepower (well, 299, according to Jaguar) under its bonnet needs a discreet toe on the accelerator when it is raining but the 70 series Dunlops grip securely in the wet and thump and bang hardly at all on rough roads.

Even at cruising speeds I am not prepared to admit that there was hardly a whisper of wind roar. Tyre noise one became conscious of only when the road surface changed. The revised engine is also fitted in the V12 Jaguar and Daimler saloons. With justifiable glee, Jaguar point out that the XJ-S HE and the V12HE saloons are significantly (between 5 and 10 per cent) more economical than the smaller engine Mercedes-Benz 380 SLC coupé and 500 SEL saloon.

During development of the latest V12, Jaguar cut one engine down the middle to produce a slant-six with the May-designed cylinder head. It worked so well in a test car that the V12 project was given the go-ahead. Would anyone care to guess what kind of engine the next new Jaguar will have in 1984 or thereabouts?

Also new from BL Cars this week in the automatic Metro. I don't know what was wrong with the traffic in London two Fridays ago but the congestion was as bad as I had seen it in months. Ideal testing conditions really, for the two pedal Metro, which is a splendid little car for anyone who does most of his driving in town. The four-speed automatic transmission is an improved version of that used for some years on the Mini. It is quieter and smoother as well as stronger. You can still use it like a clutchless manual shift if you wish; I prefer to leave it in drive and let the several hundred pounds of extra investment pay a dividend in relaxation.

Just how much extra is difficult to work out because automatic transmission is not an option on the Metro (it still is on the Mini).

At £4,595 the new car is not cheap. An automatic Allegro 1.3 four-door costs £100 less. Other lower priced, two-pedal cars include the Fiat Strada four-door at £4,424, Honda Civic three door £3,760 and Renault 5 three-door £4,429. But Metro sales are buoyant and BL reckon the automatic will boost them by another eight per cent.

ARTS

Men of matter

BY B. A. YOUNG

You would think that the visual arts might be the hardest matter for sound radio, yet the BBC deals with them interestingly and informatively. Edward Lucie-Smith's conversations with artists on Radio 3 cannot tell you what their pictures look like, but they can show you what kind of people the artists are, and that gives a flying start towards understanding.

Understanding is a need that has only grown up since art departed from nature. Any Italian peasant would know what Tintoretto or Veronese had put on to his canvas. The wildest excesses of Bosch are aimed at the comprehension of simple people. But Picasso is a special case, for after him it is as if we have come to the end of the charts and find ourselves confronted with a trackless void which may be filled in any way we please.

Edward Lucie-Smith's programme on Thursday was appropriately called *Picasso — Destroyer or Creator?* He called in all the authoritative voices you can imagine; yet at the end the question was unanswered, though the man came out clearly, the man who said "I do not seek, I found", who signed canvases "Yo, Picasso" or "Yo, el re" or simply "Yo", yet who could mock the patron Communists by drawing them a pigeon when they had asked for a dove. Most people have some idea of what *Les demoiselles d'Avignon* and *Gernika* look like: interpretation is another matter. The programme, which I found ceaselessly interesting, was an admirable signpost to the exhibition of Picasso's Picassos which opened at the Hayward the following day.

Terence Rattigan's *Ross*, this week's Monday Play on Radio 4, is in its way an exercise in interpretation. It is profoundly romantic, though not in the old style of wartime romance such as you had in G. A. Henty. Its theme is T. E. Lawrence's discovery of his true nature, and the nature is exemplified in his relationship with his Arab orderly Hamed. Mrs Whitehouse's troops may stand at ease, for the only suggestion of improper conduct takes place offstage in the guardroom at Deraa, while the sadistic Turkish General listens over his vintage Burgundy to hear whether his suspicions are to be confirmed.

As it happens, posthumous revelations about Lawrence's sexual preferences have shown that Rattigan's (and at the time many other people's) ideas were mistaken, but the play will suit either those ideas or the later allegations. Before being subjected to the kind of treatment the Romans kept for the Druids, Lawrence was soundly beaten, and it now seems that this was the failing he constantly had to guard against rather than a simple weakness for Arab soldiers. In the last scene of the play, when Lawrence, aka AC2 Ross, is bidding farewell to his Flight-sergeant, the Flight-sergeant, unable to believe that Lawrence will want to enlist again under another name, remarks "You're a glutton for punishment, aren't you?" "It rather looks like it." Lawrence relies and Rattigan has supplied the stage-direction *(Smiling)*. A secret smile, perhaps.

In adapting the play for radio, Cynthia Pughe and Derek Hoddinott seem to me to have treated it more like a boys' adventure story than they should. They have removed almost all the bad language, even though this never goes beyond an occasional "bloody." They do not even allow "bleeding." I suppose this must be something to do with the production having been originally destined for the World Service. Michael Williams's Lawrence is very much the boyish hero rather than the introspective intellectual, and all those senior officers, Allenby, Barrington, Storrs, have a strong whiff of John Buchan about them. Well, it is all there in the script, and indeed that is how it came out at the Haymarket in 1960.

The scenes in the RAF barracks at Uxbridge are much cut though we have to include that splendid moment when AC Ross, asked insistently by his Flight-commander who he was dining with, says "Lord and Lady Astor, Mr and Mrs George Bernard Shaw and the Archbishop of Canterbury." Really, how little trouble Lawrence took to conceal his identity, if this is anything like the facts. A moment after he has come out with the names of his guests, he squats down on his hunkers in the barrack-room. "It is the way the Arabs sit, is it not?" says the observant AC Dickinson, who acts rather more like a reporter than the real reporter Franks in the next scene.

Anton de Ridder, Curt Appelgren and Josephine Barstow (front line) in the final chorus

Fidelio

BY DOMINIC GILL

Peter Hall's 1979 production for Glyndebourne of Beethoven's gravely beautiful, radiantly benedictory single operatic venture marked a fruitful departure from the postwar, and in particular the postwar German, opera-house tradition — Ronald Crichton called it then on this page the least Germanic *Fidelio* since the one of the prewar Beecham era at Covent Garden, distinguished by Rex Whistler's sets.

It is also the least obviously and heavy-handedly "politicised": the setting is not updated to Nazi Germany, or translated to Spain, South America or Ireland, but set firmly and unselfconsciously in a frame that is contemporary both with the story and with the music. *Fidelio* is a deeply serious work, whose larger themes—of constancy, truth and social justice—are inescapable, and need no kind of special pleading or clever socio-historical interpretation. It was Hall's particular achievement not to blunt them further, but actually to sharpen them afresh by his direct quietly imaginative and uncontroversial treatment: enshrined as the composer conceived and directed in the humble domestic world of Rocco and Marzelline the themes speak more eloquently still, and with undiminished relevance.

Nothing of that quality is lost in the production's first revival, which opened at Glyndebourne on Thursday night under the guidance of Guus Mostart (Hall's original associate producer). Everything works and moves, with remarkable smoothness. There is no fussy stage business; spatial arrangements are functional and unambiguous; all of the thrust of the production is designed to take us with the least delay to the heart of the story, and to the simple, passionate utterance to which the story gives voice.

Wherever possible, reality takes the place of symbol. Indeed, in a production of such super-naturalism—straw strewn on stone flags, a live chicken and horse, real iron fetters, a superb leafy tree, and to accompany the finale, even a squad of the resident Glyndebourne bats—such tiny lapses or inconsistencies as there are seem more obtrusive than they ought. Someone should certainly tell Marzelline that no person in their right mind takes an old-fashioned flat-iron directly from the fire to iron a shirt without cleaning the soot off it first (even when the brazier, as here, does not even pretend to have been lit). And John Bury's design and lighting, otherwise exceptionally thoughtful and sensitive, proposes one very odd and jarring contradiction: to place Florestan at the start of the second act directly next to a huge patch of sunlight evidently streaming in from a window above his dungeon hardly confirms the drama of his opening words, "Gott, welch' Dunkel hier!".

There are three newcomers to the cast (not including Malcolm Donnelly's Don Pizarro, once more, smugly, impressively incisive, introduced at the 1979 tour). Josephine Barstow's Leonore will be deemed a triumph by those who accept, and like, the peculiar and unmistakable timbre of the voice: others may find it a more partial success. I found her assumption of the role very moving: quick, instinctive, utterly honest in all its responses, wonderfully stirring in her defence of Florestan, touching in her moments of confusion and self-doubt.

Patrick Power's new Jaquino was amiable enough, but did not yet seem perfectly settled in either voice or gesture; Roderick Kennedy's Don Fernando was stiffly imposing. Anton de Ridder's Florestan is still less than convincing, vocally thin, and far too sprightly for his years of solitary confinement. Curt Appelgren once more makes of Rocco an imposing figure, unusually warm and humanitarian of presence, quick and strong in voice. The Marzelline of Elizabeth Gale is prettily sung, not always perfectly tuned, but precise and intelligent.

With the poets at Ilkley

by ALAN FORREST

The ancient Roman camp of Olicana has seen a lot of activity since BC 55. Nobody is quite sure when the locals corrupted the name of Ilkley, but it must have happened soon after the Romans' backs were turned; it was one of England's first spas; it was one of the first towns to defy the English summer with an open-air swimming pool and it is the place where Yorkshiremen die without their hats on.

Now Ilkley has defied the economic climate of the 1980s by making its two-yearly Literature Festival into an annual event; "thanks to increased support from Bradford Metropolitan Council," says festival director Michael Dawson of the Yorkshire Arts Association. This year's festival ends tomorrow and I have just spent three days there among the poets and authors, actors and singers.

They range from a Swedish troubadour with a guitar to young poets from the Pennine Arts Centre who are apt to start off a recital with: "I wrote this at Hebden Bridge in the summertime." It seems that the moors and the grey stone walls and the curlews are getting quite a going-over in verse these days. But one of the themes of this year's festival is the 1940s—it is all done quite delicately with a minimum of blitzkrieg nostalgia and provides an excuse to invite poets such as David Gascoyne and John Lehmann, a welcome change from the punk poets who have often been given more than a lion's share in literature festivals.

Nostalgia ruled at one of the main events—a Nick Sherrin-managed Song by Song session in the King's Hall, covering the 1940s. The nightingale sang in Berkeley Square, we said thanks again for that lovely weekend and the Army, the Navy and the Air Force made old England's name. The performers were two young singers from Opera North, Rosemary Ashe and Stephen Dowson with Clive Timms, Opera North's musical director at the piano.

Mr Sherrin cheated slightly by including *Porgy and Bess* with the excuse that it emerged as a master work in the 1940s and his gambit enabled Miss Ashe and Mr Dowson to deal brilliantly with "Summertime" and "It Ain't Necessarily So." Chatting with a poet afterwards, I remarked that it didn't seem to have much to do with literature, but he reminded me that Auden had named Ira Gershwin as the best writer of light verse of his generation.

Ilkley has a reputation for "firsts." Four years ago it commissioned and premiered Graham Collier's splendid jazz suite based on Malcolm Lowry's novels. This year it introduced Fred Akerstrom to England. Akerstrom is a splendid Swede with a guitar who sings his own settings of Carl Michael Bellman's poems (Bellman was a kind of Swedish Robbie Burns). In spite of poet Angela Falk's helpful translations, I found it hard going—Bellman, it appears, was often overtired and emotional and accounts of drunken encounters sung in Swedish went on a bit. I was driven to poet-lyricist Fran Landesman's late-night show in the Ilkley College Union on the grounds that I can understand American. I realise I was in a minority—Mr Akerstrom has a splendid voice and I am sure he will win adherents in Britain.

The greatest crowd-puller of my three days was *The Tarnished Phoenix*, a programme about D. H. Lawrence's marriage to Frieda von Richtoften, with Janet Suzman as Frieda and Gabriel Woolf as Lawrence. It went off beautifully—tracing their relationship from elopement in 1912, through World War One to Lawrence's death. Miss Suzman's German accent, I thought, trembled on the edge of caricature, but she drew back from the brink and gave a beautifully sensitive performance. Mr Woolf, who doesn't look anything like Lawrence, made us believe in him, even to the Nottinghamshire accent and got the heavy jovialities and political pseudo-wisdom of the letters exactly right. And I have seldom heard poems like *The Snake* read with more sensitivity and effect. The Ilkley audience chuckled at Lawrence's poem about the raid on his paintings, and the row over Lady Chatterly and went home misty-eyed after Miss Suzman's account of his death.

The criticisms I heard afterwards in the Festival Club came mainly from local feminists. They argued that the Suzman-Woolf show gave an over-romantic picture of a marriage that had many black moments, that Lawrence was a classic Male Chauvinist and this was glossed over by a coat of sugar. I can see something in the argument, but as the man said, what is truth?

The success of any festival is influenced by the fringe events. Ilkley has always been fortunate in this field with local people putting in a lot of hard work to keep the pot boiling. This year's unexpected success was a two-night production of *The Biko Inquest* which attracted 120 people each evening to the Methodist Church. It was directed by Geoffrey Oldham, who in real life is director of the Clothing Industry Training Board. His wife, children's author June Oldham, held a session in the youth centre talking to children about writing—it was timed for 10 am to finish at 11 am. But Mrs Oldham was surrounded by a party of children from Blackburn, Lancashire, and kept there talking about the splendours and miseries of authorship until after four in the afternoon.

My favourite among the lunchtime poets was David Gascoyne. He isn't a brilliant reader, but then, I'm told, neither were Eliot, Tennyson and Wordsworth. He is now 65 and published his first volume of poems at 16 and on the strength of it established himself again as a considerable name in 20th century English poetry.

The skies were overcast and the moors rising high above the town offered a perpetual challenge to somebody wanting to get away from it all. There were a few complaints about the lack of sociability—"the authors were there and before seemed to muck in and move about," one longtime festival buff told me. The book exhibition, usually a treasure trove, was a bit thin; maybe an indication that publishers are cutting down on festival promotion. The man running the Festival Club bar complained that he'd taken less than three pounds one lunchtime. Were this year's visitors particularly abstemious or had they all gone to the lunchtime poetry in the college union where the drinks are cheaper?

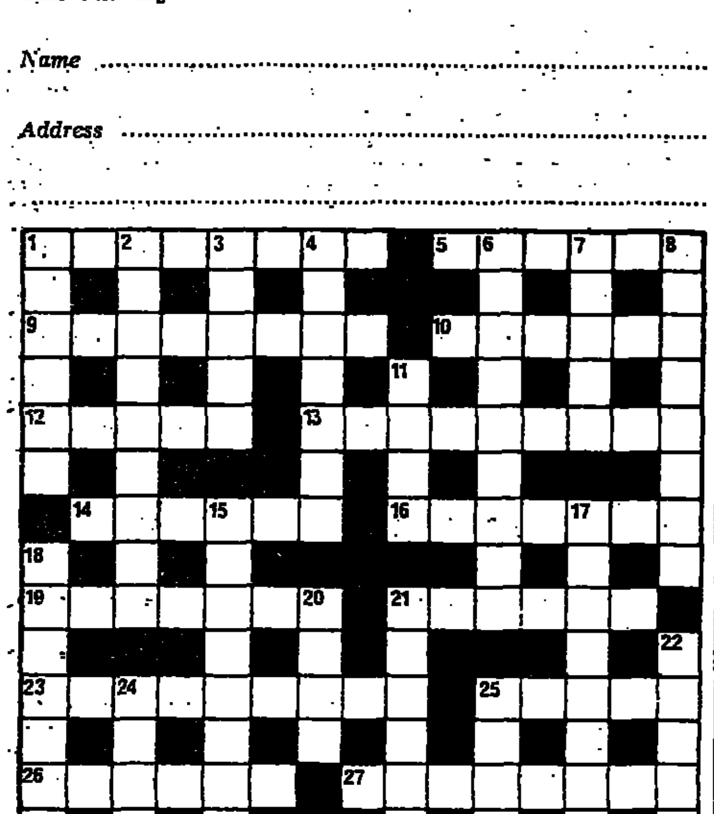
But a ten-day festival that offers, as well as Janet Suzman, Moira Shearer, Ludovic Kennedy, Magnus Magnusson, Melvyn Bragg, Alan Plater and Colin Welland, to name but a few provided a lot of pleasure. The town was full of nice noises and anybody who wanted to get away briefly from authors in the flesh could drive over the tops of the moors and take in Bronte, John Braine and J. B. Priestley country.

F.T. CROSSWORD PUZZLE No. 4,623

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



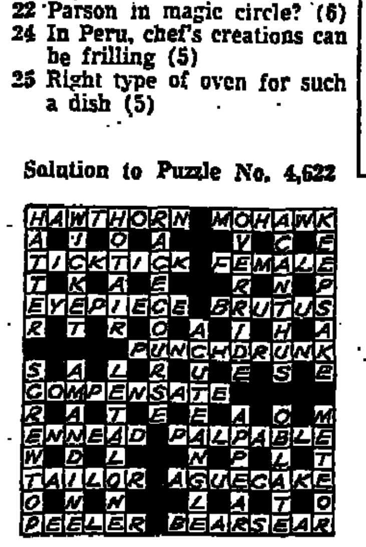
ACROSS

1 On tables, they reflect the potter's colours (8)
5 Dog having a day in Cruft's for example (6)
9 In matters of belief, he is coasting freely (8)
10 A double sent back — it might lead to heart trouble (6)
12 Punch, perhaps, makes one sound husky (5)
13 Native place of retirement? (6-3)
14 Dull-witted in spite of having over ninety degrees (6)
16 Lots of castles? No, mean dwellings! (7)
19 Chambers, perhaps, for law figure (7)
21 County seat of Yorkshire? (6)
23 Form of marriage around the north—here's something to go with the toast (9)
25 Variety of liger held by hunter very high up? (5)
26 Degree of precision in Germanic etymology (6)
27 Pluto to star in this kind of film? (8)
28 Spoil the steak? That's finished the party! (6)
29 Public library a pick-me-up for such a relationship (8)

DOWN

1 Tea-dance? (3-3)
2 Shelter for Alice's intended (6-3)
3 Edition of paper for children (5)
4 Harmful—i.e. moon's change (7)
6 Homecraft? (5-4)
7 Short release from service? (5)
8 Enlightened time in the factory, discounting holidays (8)
11 Employer sure but sorry (4)
15 Not yet on the map as a musical hit (9)
17 Earth shortly, and perhaps in length, to impart knowledge (9)
18 Bird burning with love (8)
20 Combed wool of animal on its back (4)
21 PC Elias possibly not a regular (7)
22 Parson in magic circle? (6)
24 In Peru, chef's creations can be frilling (5)
25 Right type of oven for such a dish (5)

Solution to Puzzle No. 4,622

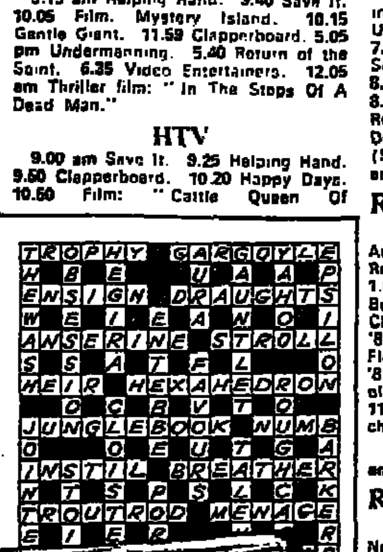


SOLUTION AND WINNERS OF PUZZLE No. 4,617

Mr W. Bown, 5 Bar Meadows, Malpas, Truro, Cornwall.

Mrs B. Buntrell, 31 Forrest Street, St. Andrews, Scotland.

Mrs W. Tarn, Lane End Cottage, Casterton, Kirkby Lonsdale, Via Carnforth LA6 2SF.



TV/Radio

† Indicates programme in black and white

BBC 1

7.15-8.30 am Open University (Ultra high frequency only). 9.05 Play Tennis. 9.30 Get Set for Summer. 10.52 Weather.

10.55 am Grandstand: Cricket: Third Test (11.00, 3.30, 5.00) Cornhill Insurance Series, England v Australia, from Headingly; Golf: The Open 11.00, 1.35, 2.05, 3.30, 5.00) from Royal St George's, Sandwich—110th Championship; Racing from Newbury (1.50, 2.20); 2.00 Chattis Hill Maiden Fillies Stakes, 2.30 Morland Brewery Trophy (Handicap): International Atheletics (2.35, 4.00, 5.00) Thorn EMI Video International from Gateshead, GB v Soviet Union; International Motor-racing (2.45, 4.30) Marlboro British Grand Prix from Silverstone; 5.20 Final Score.

5.30 pm Alias Smith and Jones.
6.20 News.
6.30 Sport/Regional News.
6.35 Pop Quiz.
7.05 Hi-De-Hi!
7.40 Film: "Northwest Frontier," Kenneth More, Lauren Bacall.
9.45 News and Sport.
10.00 Roots.
11.30 House Calls.
11.55-12.01 am Weather.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 6.30-6.35 pm Sports News Wales. 11.55 Weather.

Scotland—11.55 pm News and Weather for Scotland.

Northern Ireland—6.30-6.35 pm Northern Ireland News and Sport. 11.55 News and Weather for Northern Ireland.

England—6.30-6.35 pm (South-West only) Saturday Spotlight.

BBC 2

7.40 am-2.45 pm Open University.
†2.45 Film: "Bedtime For Bonzo," Ronald Reagan, Diana Lynn.
4.05 Golf and Cricket.
7.20 News and Sport.
7.40 Scoop.
8.10 Spirit of Asia.
9.10 Grand Prix.
9.45 Cricket.
10.10 Golf.
10.50 News on 2.

†10.55 Horror Double Bill: "The Seventh Victim."
12.05 am "Race With The Devil."

LONDON

8.45 am Sesame Street. 9.45 Joe 90. 10.10 Beachcombers. 10.35 Thunderbirds. 11.30 Clapperboard. 11.59 Lost Islands.

12.30 pm World of Sport: 12.35 International Sports Special (part 1): Tour de France, Weightlifting, Australian Pools: 1.15 News: 1.20 The ITV Seven from Newmarket and Ayr; 3.10 International Sports Special (part 2): Speedway, Wrestling; 4.55 Results Service.
5.05 Worzel Gummidge.
5.35 News.
5.40 Chips.
6.35 Mind Your Language.
7.05 Russ Abbot's Saturday Madhouse.
7.35 TV Film: "Paradise Connection."
9.20 Seagull Island.
10.20 News.
10.35 The House on the Hill.
11.35 Let's Rock.
12.05 am Police Surgeon.
12.35 Personal Choice.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am European Folk-tales 10.00 Lost Islands. 10.25 Clapperboard 10.50 Cartoon: The Man Called Flintstone. 6.35 pm Undermanning. 12.05 am Love American Style. 12.35 At the End of the Day.

ATV

9.10 am A Better Read. 9.35 Save It. 10.00 Clapperboard. 10.30 Films: "The Wild Chase."; Two Scents Worth: Run Wild, Run Free, John Mills, Sylvia Syms, Mark Lester 5.05 pm Undermanning. 5.40 Return of the Saint. 6.35 Video Entertainers.

BORDER

9.10 am A Better Read 9.35 Save It. 10.00 Flying Kiwi. 10.25 World Famous Fairy-tales. 10.35 Joe 90. 11.05 Incredible Hulk 11.59 Clapperboard. 5.05 pm Undermanning. 6.35 Video Entertainers.

CHANNEL

5.05 pm Undermanning. 7.40 Puffin's Pla(i)ce. 6.35 Video Entertainers. 12.05 am Weather.

GRAMPIAN

9.35 am Larry the Lamb. 9.40 Cuir Car. 10.10 Flying Kiwi. 10.40 Here's Boomer. 11.10 Thunderbirds. 11.59 Clapperboard. 5.05 pm Undermanning. 5.40 Incredible Hulk 6.35 Video Entertainers. 12.05 am Scottish Counties Cricket Scoreboard. Reflections.

GRANADA

9.15 am Helping Hand. 9.40 Save It. 10.05 Film. Mystery Island. 10.15 Gentle Giant. 11.59 Clapperboard. 5.05 pm Undermanning. 5.40 Return of the Saint. 6.35 Video Entertainers. 12.05 am Thriller film: "In The Steps Of A Dead Man."

HTV

9.00 am Save It. 9.25 Helping Hand. 9.50 Clapperboard. 10.20 Happy Days. 10.50 Film: "Cattle Queen Of Montana," Barbara Stanwyck, Ronald Reagan. 12.28 pm HTV News. 5.05 Undermanning. 5.39 HTV News. 5.40 Return of the Saint. 6.35 Video Entertainers. 12.05 am Weather.

HTV Cymru/Wales—As HTV West except: 9.50-10.20 am Heavens Above. 5.05-5.35 pm Sion a Sian.

SCOTTISH

9.10 am A Better Read. 9.35 Save It. 10.00 Welcome Back Kotter. 10.25 Joe 90. 10.50 Larry the Lamb. 11.05 Chopper Squad. 11.59 Clapperboard. 5.05 pm Undermanning. 5.40 Return of the Saint. 6.35 Video Entertainers. 12.05 am Late Call.

TYNE TEES

9.00 am Cartoon. 9.10 Chopper Squad. 10.00 Friends of My Friends. 10.25 Sealab 2020. 10.50 Film: "Kennel" 5.05 pm Undermanning. 5.40 North-East News. 6.35 Video Entertainers. 11.35 Tenspeed and Brown Shoe. 12.30 am Three's Company.

ULSTER

9.15 am Helping Hand. 9.40 Save It! 10.05 Thunderbirds. 11.05 240 Robert. 11.59 Clapperboard 5.05 pm Undermanning. 5.38 Ulster News. 5.40 Return of the Saint. 6.35 Video Entertainers 10.34 Ulster Weather. 11.35 Sports Results. 11.40 Bedtime.

WESTWARD

9.25 am Flying Kiwi. 9.50 Look and See. 9.55 Stingray. 10.20 Gus Honeybun's Birthdays 10.25 Clapperboard. 10.50 Film: "The Spanish Main," Maureen O'Hara. 12.27 pm Westward News 5.05 pm Undermanning. 5.40 Westward News. 6.35 Video Entertainers. 12.05 am Dorts. 12.35 Faith For Life. 12.40 Weather.

YORKSHIRE

9.00 am A Better Read. 9.25 Spiderman. 9.40 Chips. 10.25 Clapperboard. 10.50 Film. "Father Came Too." 5.05 pm Undermanning. 5.40 Return of the Saint 6.35 Video Entertainers. 12.05 am Superstar Profile: Roger Moore.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn. 10.00 Steve Wright. 1.00 pm 25 Years of Rock (S). 2.00 A King in New York. 2.05 Star Wars (S). 2.30 Paul Gambaccini (S). 3.00 U.S. Top 30. 4.00 Walters' Weekly (S). 5.00 Rock On with Tommy Vance (S). 6.30 In Concert (S).

RADIO 2

5.00 am Tony Brandon: Saturday Early Show (S). 8.02 Racing Bulletin. 8.06 David Jacobs: Star Sounds (S). 10.00 Pete Murray's Open House from Bridlington (S): 11.30 Sports Desk. 12.01 pm Two's Best with Len Jackson (S). 1.00 The Impressionists. 1.30 Sport on 2—Open Golf: Marlboro British Grand Prix; Cricket—Third Cornhill Insurance Test Match, Northants v Sri Lanka, News, Schweppes County Championship matches; Athletics—GB v Soviet Union; Racing; National Rowing Championships; Wightman Cup: U.S. v GB at Illinois: Tour de France. 7.00 Three In a Row. 7.30 Cricket Scores. 7.33 Big Band Special (S). 8.00 Saturday Night Is Gala Night (S). 8.50-9.10 Interval 10.00 Nordring Rendezvous from UK (S). 11.02 Sports Desk. 11.10 Peter Marshall's Late Show (S). 2.00-5.00 am You and the Night and the Music with Nick Jackson (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.55 Cricket: Third Test. 1.05 pm News. 1.10 A View from the Boundary. 1.30 Lunchtime scores. 1.35 Classical Guitar recital (S). 7.30 Proms '81 (S). 8.30 Thomas Hardy. Emma and Florence by Robert Gittings. 8.50 Proms '81 (S). 9.55 Hammerman: a portrait of Wiltshire poet Alfred Williams (S). 11.00 News. 11.05-11.15 Scarlatti harpsichord sonatas (S).

VHF only—Open University 5.55-7.55 am and 11.15 pm-12.50 am.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Breakaway from Torbay. 9.50 News Stand. 10.05 Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.01 pm News. 12.02 A Small Country Living. 12.27 News Quiz (S). 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast 2.00 News. 2.05 Wildlife. 2.30 Thirty-minute Theatre. 3.00 Medicine Now. 3.30 Enquire Within (S). 3.40 Novels up to Now: Anthony Curtis presents the first of eight programmes on the novel since the war. 4.10 Profile. 4.30 Does He Take Sugar? 5.00 Inside the Mafia. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. Continental Travel Information. 6.15 Desert Island Discs. 6.55 Stop the Week with Anne Leslie. 7.35 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Science in China. 11.00 Lighten Our Darkness. 11.15 Music Mosaic (S). 11.59 News.

BBC Radio London

5.00 am As Radio 2. 7.30 News. 7.32 Good Fishing. 8.00 News. 8.15 Weekend What's On 8.30 Bob Powel's London Country. 9.00 News. 10.00 News. 10.03 Stuart Colman's Echoes. 11.30 Robbie Vincent Show. 1.00 pm News 2.00 Breakthrough. 4.00-5.00 am Join Radio 2.

TV RATINGS

w/e July 12

UK TOP TWENTY (viewers m)

1	C. Street (Mon)	(Gra)	14.70
2	C. Street (Wed)	(Gra)	14.50
3	Russ Abbott's Saturday Madhouse	(LWT)	12.75
4	Lady In Danger	(ITV)	12.70
5	The Krypton Factor	(Gra)	12.00
6	Sorry I'm A Stranger Here Myself	(Tha)	11.90
7	Only When I Laugh	(YTV)	11.70
8	Crossroads (Wed)	(ATV)	11.65
8	That's Life	(BBC)	11.65
10	Family Fortunes	(ATV)	11.60
11	Crossroads (Tue)	(ATV)	11.45
12	Where There's Life	(YTV)	11.25
12	The Video Entertainers	(Gra)	11.25
14	Quincy	(ITV)	10.75
15	Shoestring	(BBC)	10.65
16	Nine O'Clock News (Thur)	(BBC)	10.55
17	Winner Takes All	(YTV)	10.25
17	Bless Me Father	(LWT)	10.25
19	Misfits	(YTV)	10.00
20	Crossroads (Thur)	(ATV)	9.95

Figures prompted by the Audit of Great Britain for the Joint Industry Committe for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1	M.A.S.H. (comedy)	(CBS)	21.5
2	House Calls (comedy)	(CBS)	20.1
3	Trapper John MD (drama)	(CBS)	19.2
4	Facts Of Life	(NBC)	19.0
5	Three's Company (comedy)	(ABC)	18.8
6	Hart To Hart (drama)	(ABC)	18.6
6	Lou Grant (drama)	(CBS)	18.6
6	Jeffersons (comedy)	(CBS)	18.6
9	60 Minutes (news)	(CBS)	18.5
10	Too Close For Comfort	(ABC)	18.0

CHESS SOLUTIONS

Solution to Position No. 380

1 KR-K1, P-QB4? (better B-N2); 2 QxR ch, KxQ; 3B-R6 ch, K-N1; 4 R-K8 ch, Q-B1; 5 RxQ mate.

Solution to Problem No. 380

1 P-N7 (threat 2 Q-R7), R-B4; 2 N-K7, or if R-Q4; 2 QxP, or if [illegible]

ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN 240 1066 'S' (Gardencharge CC 836 6903). 65 amphiseats avail for all perfs, except Proms from 10 am on the day of perf THE ROYAL BALLET SCHOOL Today at 1.30 La Fille mal gardée. THE ROYAL OPERA Ton't at 7.30. Wed. at 7.00 *Don Giovanni Mon & Thurs at 7.00 Le nozze di Figaro Tues & Fri at 7.00 Così fan tutte [illegible]

GLYNDEBOURNE [illegible]

ROYAL FESTIVAL HALL [illegible]

SADLER'S WELLS [illegible]

THEATRES

ADELPHI [illegible] ALBERY [illegible] ALDWYCH [illegible] AMBASSADORS [illegible] APOLLO [illegible] ARTS THEATRE [illegible] CAMBRIDGE [illegible] CHICHESTER [illegible] CRITERION [illegible] DOMINION [illegible] DRURY LANE [illegible] DUCHESS [illegible] DUKE OF YORK'S [illegible] FORTUNE [illegible] GARRICK [illegible] GLOBE [illegible] [illegible]

هكذا من الأصل

COLLECTING

A designer in space

By JANET MARSH

RAYMOND LOEWY has probably contributed more than any other living person to the look of the world we live in. His creative career began in 1908 when he designed a model aircraft powered by an elastic band. It won a cup awarded by the American magnate J. Gordon Bennett, whereupon the 15-year-old inventor patented it and set up his own factory to market the toy. *A the ripe age of 16* he sold out his business in order to concentrate on his studies.

Over 60 years later, as NASA's first "*Habitability* Consultant," he opened up a new era of space living by creating the human environments of Skylab and the eventual *Space Shuttles. At 88,* Loewy is today still full of ideas.

The key to his unparalleled influence on the look of daily *life* is perhaps his willingness to turn his attention—his particular blend of the aesthetic and the practical—to any object, *from* the Coca Cola bottle to a Presidential aircraft. He once said that his charge for redesigning the common sewing needle would be very much greater than for redesigning a tractor. A tractor, he explained, is full of things that can be improved. It's a harder task to better the needle.

As one of the first generation of modern industrial designers, he defined the purposes of his profession, over 30 years ago: "Good design keeps the user happy, the manufacturer in the black and the aesthete unoffended." By the time he came to prepare his autobiographical study *Industrial Design,* in 1979 he had, with wisdom of age, slightly revised the formula. "Industrial design keeps the customer happy, the client in the black and the designer busy."

Loewy has indeed kept busy. Born in Paris in 1893, *he arrived* in the U.S. after service in World War I, armed with an introduction to Condé Nast. His *first work was as a fashion artist on Vogue.* The architecture and design, of the 1920s with their emphasis on function and *simplicity of form, left* a profound impression on him.

In 1927 he met Sigmund Gestetner, who asked him to redesign his famous duplicating machine which, as Loewy recalled "looked and even smelled awful." The new design was completed in a week and was to serve Gestetner practically unchanged for the next 40 years—causing Loewy to quip that if his designs were too good, the designer would put himself out of a job.

Gestetners' sales shot up; and the same pattern of the market following design was regularly to be repeated in the future, whether *Loewy was giving new* form to Studebaker cars or the packaging of Lucky Strike cigarettes. "Raymond," said *an early client, "keeps one eye* on imagination and the other on the cash register." In time Loewy's company had given familiar form to the *advertising,* packaging and logos of goods and services that varied from Shell, BP and TWA to Formica, Fanta and Heinz canned *foods.*

The commercial motive was not always dominant. Loewy redesigned the Presidential aircraft for Kennedy; and later created the Kennedy memorial stamp. There are not many things that he had not designed by the time he became NASA's Habitability Consultant.

The new problems of how to stay happy and human in space delighted him. The concern with psychic as well as physical well-being influenced the choice of colour, lighting, textures and a triangular table to avoid the danger of one person gaining ascendency in the confined conditions. Loewy found that the principles which had dominated his work since the 1920s still held good for this brave but unfamiliar New World: "Form must follow function"; "Weight is the enemy."

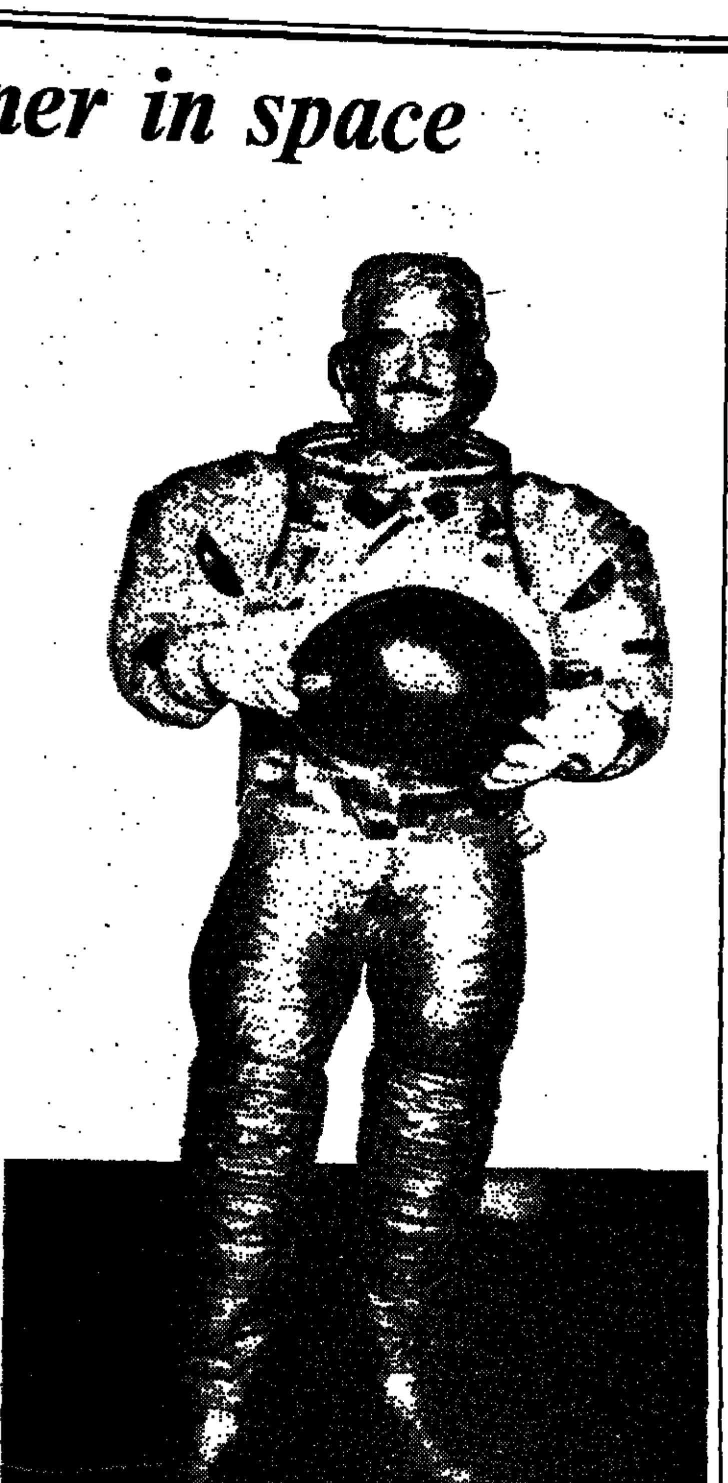
Loewy's work for NASA makes a dramatic public appearance on Monday, when Sotheby's are to sell his whole archive of working papers. The NASA material alone consists of 3,500 items—conceptual drawings and designs, sketches, models, notes, reports, photographs and letters. By a strange quirk of U.S. regulations on security, *the designer is able to* dispose of material which NASA as a government agency would be unable to release.

Whatever *institution* eventually acquires the archive will have a unique historical documentation on man's early experiments *in living with* and in space. Almost as fascinating as the designs that were adopted are those (they include protective headgear, sleeping devices and exercise rails) which proved needless in the light of later knowledge.

Enormously detailed study is applied to new conditions in such matters as personal hygiene. To test personal waste disposal systems, it is revealed by documents in the archive, volunteers were paid $50, fed prune juice and launched into zero gravity conditions. There was an extra bonus of $50 for each defecatory performance. From such fundamentals the future is planned.

Loewy's approach to space has about it a reassuringly human dimension. "I did not pretend, I freely admitted, that my opinions were not necessarily based upon scientific premise: they were simply a case of what we called "educated intuition," the result of decades of field experience." (Several decades before, it was field research into the substances most frequently dropped on train seats that made him design a fabric mottled in hues of mayonnaise and tomato ketchup).

The sale also includes, to maintain the right historical perspective upon this most singular architect of our world, his designs for Greyhound buses, Studebaker cars, locomotives and the Kennedy stamp.



Loewy dressed in the space suit he designed

Nicklaus fights back

GOLF

BEN WRIGHT

THERE WERE still some hours of play to be completed in the second round of the 110th Open Championship at Royal St. George's, Sandwich last evening in occasional pale sunlight and driving squalls that periodically sweep across the course. With 2 holes to play, the Texan lightweight, Bill Rogers—who *made sure of his* place in the Ryder Cup team for the U.S. two weeks ago in Chicago with a good finish in the Western Open—had a slender lead of one stroke with one hole to play.

Last evening, he was 4 under par in his second round, after a 72 on Thursday, and is thus 3 under, one ahead of his fellow Texan, Ben Crenshaw, and the British player, Nick Job. Crenshaw has had rounds of 72 and 67 for his total of 139, one under par, that yesterday afternoon had only been matched by Job's 70 and 69.

The best German golfer of all time, Bernhard Langer, came next at 140, level par, after rounds of 73 and 67, and, alone at the time, on 141, was the Scotsman, Sam Torrance, after rounds of 72 and 69. Looming into prominence at 142, after rounds of 73 and 69, was the reigning *champion, Tom* Watson, but there was a lot of golf still ot be played, and David Graham of Australia, the current U.S. Open Champion, was in the trio that were third from last.

Graham was 2 over par, having started at one over 71, but *I am happy to be able* to report that the 1969 champion, Tony Jacklin, was one over par, just as he started the day, with 4 holes to play, and another British hopeful, the enigmatical Mark James, had progressed from 2 over par on Thursday to get back to level with 8 holes to play.

If Thursday's first round had been absorbing, particularly in its latter stages, when the elements were at their most devilish, yesterday's second round was totally fascinating. Nothing was superior to the tremendous performance of Jack Nicklaus in bettering his first round nightmare score of 83, the worst effort he has ever made in our Open since his debut in 1962, when he scored 80 in the second round at Troon, still managed to make the cut, and eventually finished in 34th *place. Yesterday, he equalled* the course record set last year by the South African, Harold Henning, in the Sun Alliance PGA Championship, with a score of 66 that bettered that first round by no less than 17 strokes. It was the complete object lesson from the master to all British and European professionals, many of whom would have thrown in the towel in similar circumstances. I suggest that some might not even have appeared to play a second time after such a disastrous experience. It is a measure of Nicklaus's immense character, courage, and apparently bottomless well of talent that he arrived at the course yesterday absolutely determined to make certain sure that he was not to miss the cut for the first time in our Open.

He decided to go along with the new "Ping" putter that he first used in desperation in the Western Open in Chicago two weeks ago, taking the sensible attitude that it was the man rather than the weapon that had *been at fault yesterday. Indeed,* when Nicklaus went to sleep, so to speak, in the middle of his first round, one could not recall a mental lapse so serious and damaging in his past 20 years of competition in the highest class.

Yesterday, there was an ominous start to the proceedings, when Nicklaus took three putts on the third green immediately to drop a stroke to par. *But in the much easier and* more pleasant conditions Nicklaus warmed to his task with four birdies in the next six holes before the turn, which he reached in 32 shots, 3 under par for the distance. The fourth and fifth are dangerous par fours of 466 and 422 yards respectively, and Nicklaus made nothing of them, with a towering three iron shot 5 ft from the fourth hole for a birdie and a four iron shot 20 ft from the next for another.

The pin was set to the left-hand side of the green at the 156 yds sixth hole, known as the "Maiden," and Nicklaus played a rare loose shot into the right-hand bunker into a treacherous lie. He made an exquisite recovery to save his par, and, as if inspired, made an easy birdie four at the long seventh of 529 yds, and another at the ninth with a solid 9 iron shot six ft from the hole.

The great man used the same iron to create another birdie at the 362 yds twelfth hole from nearly 6 yds, and suddenly against all the odds—Nicklaus had made himself a factor in the tournament once again. He was to finish only 9 over par, and in his opinion, if the uncertain weather persists, the championship could easily be won with a score of level par 280. Nicklaus hit a poor drive to the long 14th hole, known as the "Suez Canal," but scrambled his par, and got out of gaol at the 17th from the rough, with a fine pitch to four feet for a par that enabled him to get home in 34 shots. It was a performance that brought tears to the eyes of more than one onlooker, *and was a display of* class that could hardly be bettered in the realms of fiction and melodrama.

If a Briton is not to win, everyone wants the champion to be "Gentle" Ben Crenshaw, the small Texan, who is so big on tradition and the history of the game that he has become a favourite son in these islands. Crenshaw has so often been the bridesmaid that one has come to regard him as a bad betting risk.

The same could be said of the red-haired Britisher, Nick Job, who had shared the lead overnight, and was quickly expected to retire into the pack. Instead, Job played with great skill and fortitude to take momentary command of the championship at 4 under par with 5 holes to play. Alas, the pressure got to him, and he was all over the place to drop strokes to par at the next two holes, and pushed his drive at the last to find the tall grass and return to one under par to share the early lead at that figure with Crenshaw.

The ever-improving Munich professional, Bernhard Langer, the 23-year-old son of a bricklayer, put together yet another splendid round, scoring 67, as did both his partners, Crenshaw and the Irishman, Des Smyth, to finish at level par.

Just as one expected he would, Tom Watson moved into contention with a solid round of 69 that was, in a sense, a scrimbling effort. *But it is the* score that one posts that matters, and Watson's 69 puts him in excellent position to challenge over the next few days on the 142 mark.

Likewise, the class of Lee Trevino was immediately evid*ent yesterday,* as he put behind him the memory of a miserable first round of 77 and improved that total by ten shots, largely thanks to an outward half of 32.

Four centuries of wedding medals

COINS

JAMES MACKAY

BRITISH ROYAL weddings have been a shot in the arm to the souvenir industry for well over four centuries and medals, if not coins, have always been well to the fore. A copper-gilt cast medal by Jacopo da Trezzo commemorated the marriage of Mary Tudor and Philip II of Spain in 1554 and another early medal of this type was that cast in gold in 1590 to celebrate the wedding of James VI of Scotland and Anne of Denmark.

Wedding medals also appeared in honour of Princess Mary and William of Orange (1641), Charles II and Catherine of Braganza (1662), George III and Princess Charlotte (1761), the Prince of Wales (later George IV) and Caroline of Anspach (1795), Queen Victoria and Prince Albert (1840), the Prince of Wales (Edward VII) and Princess Alexandra of Denmark (1863) and the Duke of York (George V) and Princess May of Teck (1893).

Weddings of lesser members of the Royal Family were not overlooked either and sundry medallists of the Wyon family seem to have been kept very busy in the 19th century, sculpting commemoratives for the Princess Royal and Frederick William of Prussia (1848), Victoria's third daughter, Helena and Christian of Schleswig - Holstein (1866), Arthur, Duke of Connaught and Louise Margaret of Prussia (1879) and Beatrice, Victoria's youngest child, and Henry of Battenberg (1885) among others.

No medals greeted the wedding of the present Queen and the Duke of Edinburgh in the austerity era of 1947 but the celebration of their Silver Wedding in 1972 included a deluge of medals and coins which ranged from the handsome (and very desirable) silver proof crown of Great Britain to the £50 gold coin of Jersey.

The investiture of Prince Charles as Prince of Wales at Caernarvon in 1969 resulted in a plethora of medals, in platinum, gold, silver and various base metals, from limited editions by John Pinches and Spink's to the popular medal sold by Boots the chemists for a few shillings. The comparatively large number of medals produced on that occasion may be attributed in part to the popularity of the Prince, but it also reflects the astonishing growth of interest in medals in the 1960s and the readiness with which medals have since been struck for any event worthy of commemoration.

The Bahamas had the honour of issuing the first coins portraying Prince Charles, to celebrate the 10th anniversary of independence whose ceremony he had attended. In 1978 a handful of Commonwealth countries produced an assortment of silver crowns and gold coins to celebrate his 30th birthday. Since then every mint, medallist and die-sinker worth his salt has been preparing designs and dies for coins and medals celebrating the royal wedding—whenever that should occur. The announcement of the engagement on February 24, therefore, did not catch the numistic trade entirely on the hop, although the Birmingham Mint got off to a false start by assuming that the venue would be Westminster Abbey.

Forunately none of the medals with the Abbey as the reverse motif was actually struck and new dies with St Paul's Cathedral were hastily prepared.

The major problem facing manufacturers was the fact that the bride was virtually unknown and in the rush to be first in the field with their medallic mementoes some of them played safe, with allegorical compositions, entwined initials and heraldic devices. Prince Charles has never been an easy subject to portray on medals, and sculptors appear to have been confronted with similar difficulties in portraying Lady Diana. As *a result, the present spate of* coins and medals is something of a mixed bag, but aesthetics count for little in a field of numismatics which is perennially the most popular.

The UK's commemorative crown went on sale on July 7 in three versions—an ordinary cupro-nickel coin available from banks at its face value of 25p, an uncirculated specimen mounted in a special folder, at £1.95 from post offices, some Trustee Savings Banks and coin dealers, and a silver proof in a "limited" edition of 250,000 at £28.75 from the Numismatic Bureau, Llantrisant, Pontyclun, Mid Glamorgan. The reverse, sculpted by Philip Nathan, shows the conjoined profiles of the bridal couple, but among the less charitable criticisms was speculation as to which was meant to be which.

The Isle of Man has adopted a much more courageous design for one of its two crowns, with a three-quarters facing portrait of Charles and Diana by Leslie Londsay. Not only is the legend rendered more correctly than on the British crown, but the pur*pose of the coin is also stated* and, for good measure, the Prince's plumed emblem is also included. The Prince of Wales feathers also surmount conjoined coats of arms on the reverse of the second Manx crown. As well as the circulating versions available from the Isle of Man banks, special editions limited to 50,000 sets are being produced in diamond finish at £4.50 per coin, while silver versions in uncirculated and proof state are available from the Pobjoy Mint, Oldfields Road, Sutton, Surrey at £22.50 and £30.00 per coin respectively. In *accordance with previous Manx* practice there is also a rich man's edition of 100 sets in platinum at £1,000 a coin.

Jersey is releasing a crown-sized £2 coin intended for general circulation, with limited editions in sterling silver and 22 carat gold which will be available from the Royal Mint. Farther afield Western Samoa is issuing $10 silver and $100 gold coins and the Bahamas is having a $500 gold coin, both issues portraying the bridal couple, while Fiji has released *5,000 $10 silver coins portraying* the bridegroom alone.

Medals from an exhibition—Portraiture of British Royalty—at the Sicilian Gallery, 25, Sicilian Avenue, London, WC1. Left: Marriage of Alfred, Duke of Edinburgh to Marie Alexandrowna, 1874; right, marriage of Princess Beatrice and Prince Henry, 1885

Books: no wheeling and dealing

ALTERNATIVE INVESTMENT

VALERIE MOLIN

IF YOU think books are only for reading, you're very wrong. "They are also a safe, long-term investment," says Mr Jock Smith, head of the books, maps and atlases *department* at *Phillips* auction house in London.

What makes books even more attractive as an alternative investment, is that they are just about recession proof. "*Provided,*" cautions Mr Smith, "You *only go for the* best, and not just in price, but quality as well."

In the past few years books have been booming, and although the recession may temper the rate of increase slightly, the auction houses and dealers are fairly confident that this year books will once again keep pace with, if not outstrip double-digit inflation.

Interest in collecting books has grown so much that Sotheby's has opened new galleries in London and New York devoted to books as well as other collectibles. Last autumn's auction season was an excellent one for top grade books with several records being set. For example in October Sotheby's in New York auctioned the ten volumes of John Sibthorp's *Flora Graeca* for $120,000, a re*cord for a botanical work.* There are only 65 complete sets of Sibthorp's work which contains 966 hand-coloured plates and *was printed in London from* 1806-1840. The last time a similar set came up at auction, in 1976, it sold for £22,000.

No doubt the most exciting event for some time in the book world was the auction of Leonardo da Vinci's last manuscript. Codex Leicester by Christie's in London December 12.

Armand Hammer, chairman of Occidental Petroleum, paid a record £2.2m for the manuscript, described by Christie's as "the most outstanding item" it has ever offered. Obviously, the last manuscript by da Vinci is beyond the grasp of all but a very few investors, yet for around £25,000 investors can build up a very impressive collection.

Both book dealers and auctioneers agree that the most important thing to remember when investing in the book market is to buy something that appeals to you, whether it is the subject matter, the illustrations or the binding. "Otherwise, you would be better off investing in stocks," advises one dealer.

Getting to know the particular market is also vital, recommends Michael Heseltine, of Sotheby's book department. The book market is very large, with items dating back many *hundreds of years.* Furthermore, unlike other collecting fields, such as paintings, books are "multiple objects." While there *may be only one of* Van Gogh's *Sunflowers* or Monet's *Waterlillies,* there are thousands of Chaucer's *Canterbury Tales* or James Joyce's *Ulysses.*

The field may be vast, but there are certain items which are considered better investments than others. The key point to remember when investing in books is never to buy a defective book. As a general rule Mr Smith advises investors to "stay away from books that are soiled or that have pages or illustrations missing." Clean, complete books are the only ones he recommends buying. Mr Heseltine agrees, stressing that "condition and rarity" are the *most important considerations* when buying books.

The dust jacket of a book can also make a big difference to its value. For example, the first edition of *Casino Royale,* one of Ian Fleming's James Bond thrillers, in its dust jacket is worth roughly £420 while the same book without its dust jacket is valued at around £90.

Subject matter also becomes important when investing in books although for top-quality books Mr Smith feels "nearly everything is a good investment today."

At the top of his list are early (17th century) natural history, botany and travel books. However, colour plate and illustrated books are also considered excellent investments. One of the most famous colour plate books is *Birds of America* by Audubon, the 19th century American naturalist and painter. Because of its rarity the book is valued at $360,000.

One particular subject which is proving immensely popular, no doubt for its timeliness, is economics. For example a first *edition of Adam Smith's The Wealth of Nations* is now worth around £2,900.

Works by Thomas Malthus are also considered good buys. Prices for such works "could go up and up," predicts Mr Smith.

Generally, Mr Heseltine feels that children's books could make good investments. He says: "During the past 10 years *these books have gone up on* average ten times.

In its sale of children's books last December one of Beatrix Potter's books fetched *£1,850.* While prices for children's books are soaring it is still possible to build up quite a nice collection without *spending* thousands of pounds. For example a rare, 18th century children's book can be bought for £200-£300. Such books *do* not come on the market very often so when they do they obviously command strong prices.

A book need not be old to be a *good investment.* For example, there are several modern books (generally speaking published since 1900) that are worth several hundred pounds.

This is primarily because *they are either limited or first* editions, with relatively few copies printed. Many of Ernest Hemingway's early books, which he wrote while living in Paris, were originally printed in only small quantities and are quite valuable.

For example the limited edition of Hemingway's *In Our Time* of which 170 copies were printed, is worth $2,500 and an inscribed copy of the same work last sold for $4,250. And one of 15 advance presentation copies of *For Whom the Bell Tolls* which was part of a collection auctioned by Sotheby's in New York in 1978 fetched $2,750.

When such top quality editions come on the market, which is not often, prices tend to be very high and it may take a while before the market catches up.

Thus it is important to remember that books are a long-term investment. Mr Smith says: "You can't really wheel-and-deal in the book market." Speculators who have tried have often "gotten their fingers burnt."

Interestingly one area of the vast book market where burnt fingers are a rarity is early *erotica.* On February 19, Phillips auctioned Marquis de Sade's *La Nouvelle Justine* for £880. The edition, published in 1797, may even have been a *counterfeit.* Apparently, for some things that just doesn't matter.

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Saturday July 18 1981

A new spirit of moderation

THIS HAS been rather a good week for Britain. Such a view of events may seem startling to investors who have been switching out of sterling, to the managers of the two main political parties, or to those whose view of the news is dominated by riots (or cricket matches). The really significant events are the Warrington by-election, the outbreak of industrial peace among the civil servants and the railwaymen, and the appointment of Mr Michael Heseltine to study the problems of inner cities, and all in their different ways are promising.

The significance of Warrington will remain whether or not the new centre alliance goes on to electoral success — which even at best is hardly likely to be the kind of landslide which by-election polls so often promise. It is an unmistakable message to both the present dominant parties that the drift into rivial extremisms which has seemed to be inevitable is not at all to the liking of the electorate. The leaders on both sides now feel that they must either win back their middle ground support, or leave space for a rival which could destroy either of them.

Gadarene rush

It is not clear that they can succeed. Mrs Thatcher remains deeply committed to her basic strategy, although badly shaken by recent events, and the Gadarene rush of the Labour party to the Left may prove irreversible. All the same, the attempt on both sides to address the real problems of real people, even at the expense of doctrine, can do nothing but good.

The spirit of moderation is not apparent only in political events. The realism shown by the civil servants and the railwaymen expresses something of the same mood, and could be of the greatest assistance to the Prime Minister if she knows how to respond to it. Recent economic forecasts have underlined what everyone knows in their bones. Moderate settlements in the next wage round, even though they mean sacrificing some of the unearned increase in real incomes of the last three years, could transform the outlook.

The chances look rather better this week than last. If it is also true, as the London Business School and other respectable analysts suspect, that our recent commercial sufferings have produced a really new potential for productivity improvement, then the Conservatives could still find that there is all to play for.

The markets, however, continue to read political moderation as a threat of runaway Government spending. The Government is worried about unemployment and about its electoral prospects.

This should prove a total misreading of the situation, if the Government can keep its head. What the Government has rather belatedly learned from the riots, and from gloomy employment forecasts, is something that should always have been built into its strategy. It is simply that the strategy was bound to cause high unemployment if it succeeded, and that while Government cannot engineer economic expansion, it can and should help to put idle hands to work. The rise in unemployment, while exaggerated by the depth of the recession, is basically a sign that inefficiency has indeed been seized by the scruff of the neck.

The timing has also been unfortunate. Mrs Thatcher came to power determined to impose conditions which were bound to lead to a large shake-out of those who would never have been employed had their enterprises been more efficient. She has done it at a time when the labour force was growing rapidly in any case.

However, the studies in Whitehall of the schemes proposed by Mr Prior, Professor Alan Walters and others are also revealing another fact which the City has overlooked. In what remains a welfare state, measures to create employment directly—unlike measures to expand demand globally—impose remarkably little fiscal burden. Unlike a company, a welfare state cannot gain much saving by laying off its citizens, for it must support them in any case. The extra cost of well-devised schemes is not large.

The important gain of the summer is that the Government is now studying this and other problems in detail and on their own merits, rather than filing them away in ideological pigeon-holes. The appointment of Mr Heseltine looks to some critics like a media response to what are essentially media events and reminds others uncomfortably of Lord Hailsham's pilgrimage to the North-East in 1971, which presaged Mr Heath's lurch into expansionism.

New attack

The outcome could be very different. Mr Heseltine's appointment symbolises the Government's new attack on problems in detail.

This new attention to detail, coupled with some helpful underlying trends in the labour market, could make the second half of Mrs. Thatcher's reign far more hopeful than the first, for over-confidence and over-simplification have been the greatest enemies of what we remain convinced is a sound basic strategy. It remains a high-risk strategy, it is true; but Warrington seems to offer an insurance policy. The alternative may not, after all, be unthinkable.

POLITICS TODAY

Shockwaves from Warrington

By Malcolm Rutherford, Political Editor

IT is now quite possible that the Social Democrats — in alliance with the Liberals — will win the next general election outright.

That is what the two big parties must be thinking this weekend as they ponder the Warrington result. There are, after all, no precedents whatsoever.

It is no use referring to previous Liberal gains, such as Orpington, during past periods of Tory unpopularity or to the way the last Labour Government lost such an apparently impregnable seat as Ashfield in mid-term. Those comparisons are of only limited relevance. What happened in the Warrington by-election was on an altogether grander scale.

There has been Tory disaffection before just as there have been rebellions, even by the faithful, against Labour administrations. Never has there been such a combination of circumstances pointing to a threat to both major parties at once.

Disaffected Tories used to vote Liberal. Disaffected Labour supporters tended to turn to the Tories. Now, for the first time, we have a party capable of picking up votes from both sides.

Even in the past, only the British electoral system of first-past-the-post kept down the Liberal representation in Parliament. In the last general election the Liberals won 13.8 per cent of the national vote, far more than the Free Democrats in West Germany who, under the different electoral system, have a considerable share in the government. In the general election of February 1974 the Liberals won 19.3 per cent of the vote, though only 14 seats.

We always knew that there was a sizeable Liberal vote around. Except in a few by-elections and fringe constituencies, it was not serious. It needed more than to top the 33 per cent mark to have any chance of heavy national representation.

The reason is that where three parties operate under a first-past-the-post system, it is not enough for a party simply to win a little more than one third of the votes across the country. The system discriminates against any party whose support is more or less evenly distributed between constituencies.

Labour has strong support in the north and the Tories in the south. For the hold of the two big parties to be broken requires a third party capable of winning a good 35 per cent of the national vote.

By combining with the Liberals, the Social Democrats have shown that that can be done. Mr Roy Jenkins won 42.4 per cent of the vote in Warrington.

It is particularly significant that Warrington should have been the place. It had long been written off as a Labour stronghold. The Labour share of the vote in the last general election was 61.6 per cent and the Liberals' 9 per cent.

If my own observation is anything to go by, there is something about the constituency which bodes even worse for the Tories than it does for Labour. Warrington is not poor. At least until it was hit by the recent wave of unemployment, it was winning plaudits around the world for the diversity of its industrial development. It is clean, attractive and white.

Its politics are conservative with a small "c." In that, it is probably representative of the country as a whole. If the Tory Party had been making the inroads into the skilled working class vote over the years that is sometimes claimed, it ought to have begun picking up support in Warrington some time ago. It did not. The Warrington electorate is essentially conservative Labour.

Now that the Labour Party is divided and the Conservative Government is unpopular, the Tories were bypassed. Their share of the vote fell to a derisory 7 per cent. The conservatives of Warrington, Labour and Tory alike, switched heavily to the Social Democrats.

You can say that that was because the SDP moved in in force, had extensive media coverage and applied the full razz-ma-tazz of an American presidential campaign to a small constituency which was flattered by the attention it was receiving. If so, you ought to have said it before the result. Otherwise, it is not convincing. The fact is that sufficient people decided not to vote for either of the two big parties potentially to change the face of British politics.

It is not, however, a simple matter of translating the Warrington returns into a Social Democrat-Liberal landslide at the next general election. The election may be two, or even three years away. In the meantime, much can happen.

Whatever the big parties may say about Warrington in public —"inevitable mid-term swing" and so on—we may be sure that some of their members are capable of reaching more intelligent conclusions in private. There is, after all, now a dagger aimed at the heart of the Tory and Labour movements as we have known them. The interesting question is how they will react.

It is not easy to be sure about either of them, and the options —or rather the mechanisms— for change are limited. To start with the Labour Party, some trade union leaders must now seriously consider the conclusion that the way to power is not through the advocacy of full-blooded socialism, or Bennery.

Roy Jenkins: moving towards a new consensus

For example, a very articulate union leader who canvassed assiduously in Warrington from last Sunday was still predicting on Wednesday evening that Labour would win nearly 60 per cent of the vote, so paving the way for a massive victory in the general election. He can hardly fail to realise that something went badly wrong in his calculations, and to wonder why.

My own guess is that the unions will now make a renewed attempt to stabilise the party behind Mr Michael Foot and Mr Denis Healey and to concentrate on relieving unemployment which, everyone agrees, emerged as the biggest single issue in the Warrington campaign. In other words, there was a defeat for Mr Benn. On these matters even Labour Party leaders never can tell.

There may also be further defections by Labour MPs to the SDP. This would not necessarily be incompatible with a reconciliation among those who choose to stay.

As for the Conservative Party, Mrs Thatcher was already deep in trouble before the Warrington result was known. It is difficult to preside over a near doubling of the rate of unemployment within two years and to remain popular. The party has nothing to look forward to: not even, it seems, a further substantial reduction in the rate of inflation. It is all one long slog for no apparent reward.

The BBC computer predicted, on the basis of what happened in Warrington being repeated all over the country in a general election, that the Tories would win only one seat. It was not, as the commentator added, Mrs Thatcher's.

And yet what, as the Prime Minister tends to say, is the alternative? Or, indeed, who is the alternative?

Government policy might be better presented; aid to the nationalised industries to protect jobs might be less grudgingly given; but no-one is seriously suggesting that much can be done to reduce unemployment in the foreseeable future.

A Tory coup against Mrs Thatcher has crossed the Conservative mind before and will inevitably be further considered now. It is very hard to see how the mechanics of it could work unless she cracks under the strain. That is what happened to Mr Macmillan, and it did not do a fat lot of good to anyone.

In any case, on most issues Mrs Thatcher is still broadly right, however stridently she puts across her views. Even the Social Democrats, many of whom rather admire her, admit it.

It was right to try to control public expenditure, to lessen the power of the public sector, to curb the trades unions and to reduce inflation. The problem that she has run up against is that it is very difficult to do any of that in Britain.

It is striking that at a time of heavy unemployment, the electors of Warrington have chosen to swing to a party of moderation rather than to the forces of the extreme left or the extreme right. Their choice probably tells you more about majority opinion in Britain than the riots of the past two weeks.

Yet anyone trying to comment on the Warrington result has to acknowldge that it begs a lot of questions. For instance, why should Warrington have been so quiet while Toxteth, not so far away, has recently been so violent? Anyone who seeks to govern would have to be prepared to deal with both areas, not to speak of Glasgow and Belfast. No one recently has produced a synthesis.

Again, what does moderation mean in the context of British politics? The SDP has not produced a definition.

It is quite possible that the voters of Warrington, far from voting for a more radical future, were really hankering after a return to a more conservative past where the Tory and Labour parties enjoyed some sort of broad consensus; but the past, as we know, did not work all that well, except perhaps in Warrington. That is why we are in our present position.

The Social Democrats, I suspect, are groping towards some new consensus, regardless of class, sex or creed, but they have not yet spelled out how to achieve it. The electorate, or part of it, is probably groping for that too: hence the decline in the vote for the two big parties over the years.

It is worth remembering that we have had false dawns before. A whole generation has been reared on them: Harold Wilson's white heat of the technological revolution, Edward Heath's quiet revolution, then the social contract, and presently the counter-revolution of Mrs Thatcher. None of them has come to anything very much. Mrs Thatcher's government seems to be running out of steam with two years to go.

The sad fact is that you could find people in all the major parties who would agree with that conclusion: Mr Francis Pym, Mr Norman St John-Stevas, Mr Denis Healey, Mr David Steel, Dr David Owen, to name but a few. Somehow the political system does not catch up with the forces of social change.

The Warrington result may have produced a breakthrough. I think that, in the short-term at least, it will lead only to more political convulsions and more uncertainties. Britain is a very fragmented society, unsure of what it wants or how it hangs together.

WARRINGTON'S VOTING RECORD

JULY 1981		MAY 1979		OCTOBER 1974		FEBRUARY 1974	
Hoyle (Labour)	14,280	Williams (Lab. & Co-op)	19,306	Williams (Lab. & Co-op)	19,882	Williams (Lab. & Co-op)	19,550
Jenkins (SDP/Lib.)	12,521	Povey (Con.)	9,032	Hayton (Con.)	7,621	Hayton (Con.)	8,444
Sorrell (Con.)	2,102	Browne (Lib.)	2,833	Deakin (Lib.)	4,158	Deakin (Lib.)	6,187
Eight others	605	Campbell (Soc. Dem.)	144				
Turnout	67.02%	Turnout	71.3%	Turnout	73.9%	Turnout	65.2%
Percentage share of vote: Lab. 48.4, SDP/Lib. 42.4, Con. 7.1.		Percentage share of vote: Lab. 61.6, Con. 28.8, Lib. 9.0.		Percentage share of vote: Lab. 62.8, Con. 24.1, Lib. 13.1,		Percentage share of vote: Lab. 57.2, Con. 24.7, Lib. 18.1.	

Letters to the Editor

Civility

From Marjorie Leaf

Sir,—The vast majority of people from other countries who have come to live here during the past 30 years have done so voluntarily and entirely by their own choice.

Wherever one lives in the world, in one's native country or that of one's adoption, it is a fundamental requirement that one should keep the laws of that country or pay the appropriate penalty.

One other aspect—I have just heard the Speaker say in the House that he has been inundated with letters criticising the awful din there which frequently drowns the speeches. Does it ever occur to our legislators that they could set a civilised example to everybody else, including dissident youngsters?

Marjorie Leaf,
15 Coniger Road, SW6

Imports

From Mr L Moss

Sir,—Mr Peter Walker, Minister of Agriculture's frequent, indignant outbursts about the unfair and illegal state aid provided for French agriculture (July 7) are scant consolation to those sectors of British agriculture, whose very existence is threatened, unless some positive help is swiftly forthcoming.

British turkey farmers' hopes were raised in a TV interview on May 28 when the Minister stated "there is no way in which I am going to stand aside and watch unfair competition destroy what is a highly efficient and very effective industry." Yet the French continue to cascade their state subsidised turkeys into this country, while the 3,000 home producers and 30 processors face extinction. Processing plants have already closed in the chicken industry which has already lost five this year. Egg producers are being similarly hit by unfair imports from France.

Mr Walker's dilemma is obvious. The Government is exercising a tight control of money and he is probably reluctant to tackle the French at their own game. Yet this state aid transgresses the Treaty of Rome and even though France has successfully cocked a snook at the European Commission, by refusing to disclose the full extent of its agricultural assistance, the UK does not need to be equally docile and Mr Peter Walker should translate his brave words into swift unilateral action by banning or severely taxing French turkey exports to this country as did the French with British lamb exports.

Another spur to action by the Minister should be the anomaly whereby there is, in this country, insistence on the highest standards of hygiene and inspection in the poultry industry while imports are tolerated from countries wherein the standard falls abysmally short.

L. A. T. Moss.
34, Coniston Road,
Bromley, Kent.

Electronics

From Mr A. Wisbey.

Sir,—Michael Dixon (Jobs Column, July 2) attacked the Manpower Services Commission's initiative of sponsoring graduates on experimental one-year courses leading to the Technician Education Council higher certificate in electronics.

He was particularly critical of the cost of these courses—some £4,000 per trainee. Approximately half of this amount is paid out in training opportunity scheme allowances to the trainee who would otherwise be receiving at least £1,100 in unemployment benefits. The MSC does not accept that it is unusual for graduates to become technicians nowadays, or that this can be done cheaply.

The MSC's training opportunities scheme will be running 55 courses in electronics and microelectronics by the end of this year and these courses are open to anyone who is over 19, unemployed and has been away from full-time education for two years and meets the required standard for the course. In April 1980 there were some 20,000 unemployed graduates on the professional and executive register who could not apply for these courses because of the two-year rule. The commission hopes, through the experimental courses, to help some unemployed graduates to meet a demand rather than remain unemployed and find work in those sectors of industry where acute skill shortages exist.

Prior to setting up these courses, MSC conducted a survey among industrialists which indicated that there was a shortage of electronics technicians and graduates for specific jobs. Clearly, industry was unlikely to retrain any more graduates than it was already doing. Even if employers were partially successful in recruiting and using graduates from other disciplines, many vacancies would remain unfilled.

Modern electronics and electronic technology changes so rapidly that it is difficult for anyone, however well qualified, to obtain employment unless he or she has an up-to-date qualification to offer. PER has 1460 vacancies nationally in this field.

The MSC will study how trainable and acceptable to industry these graduates are and what type of job they get as well as assessing labour market demand before taking a decision on continuing or increased provision.

A. T. Wisbey,
Manpower Services Commission.
Selkirk House,
166 High Holborn, WC1.

Gastronomical

From Mr E. Ronay

Sir,—Allow me to take issue with Mr Penning-Rowsell ("Neglect of Sauternes," July 14) whose knowledge of wines I greatly respect.

While these are matters of taste, his assertion that Sauternes go well with *pâté de campagne* and its varieties is stretching liberalism of the palate to the point of absurdity. True enough: a great many French people like Sauternes with cold *foie gras* (a taste I and many others don't happen to share), but that is a very different matter, not to say a different animal.

To say that Sauternes "go just as well with first courses, including mild fish ones, that have a cheese sauce" is an eccentric and unacceptable gastronomic generalisation. Trying Sauternes with a sole Mornay or crawfish tails gratiné or poached eggs with cheese sauce, to mention but a few examples, is an inadvisable experiment.

Nor could one accept, by the way, that "all blue cheeses kill table wines." If so, I must have enjoyed countless glasses of "dead" red wine with creamy Stilton and other blue cheeses.

Long may Mr Penning-Rowsell reign as the uncrowned king of writers on wine itself, even though his opinions on the marriage of wines and food, at any rate concerning Sauternes, are disputed.

Egon Ronay.
Greencoat House,
Francis Street,
SW1

Index-linking

From Mr M. Weale.

Sir,—Much of the discussion on the index-linked issue has argued that taxpayers have been saddled with a large real burden. Quite apart from the fact that the costs may turn out to be lower than those of a conventional 15½ per cent "long," on whom does the burden fall? If the pension funds were unable to obtain the yield of the indexed stock elsewhere they would either have to pay reduced benefits or raise contributions. In the second case the very taxpayers on whom the burden falls would face higher pension deductions. Alternatively the deficiency payments might be imposed on employers eating into profits. Thus the main feature of the issue is that the costs of the pensions fall on employees rather than on firms. Given the poor state of profits is seems desirable that pensions should be maintained in this way rather than as a periodic charge on firms.

One of the reasons for not selling the stock generally is that foreigners may buy it, pushing up sterling. No doubt some would but the attraction would be reduced since a stock indexed for UK is not indexed for foreigners. In any case, unless they have very different inflationary expectations from UK funds they would be attracted by the yield on ordinary "longs."

M. R. Weale,
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue,
Cambridge.

Rates

From the Chairman, Reading Ratepayers' Association.

Sir,—Ratepayers should beware of the insidious moves to preserve the present grossly unfair domestic rating system, very probably to protect the interests of those who most benefit from its retention.

At the outset, let one hard and indisputable fact be emphasised—raising money for local purposes partly through taxation of only some of the electorate who can afford it is patently inequitable. Many who are above the tax threshold and are entitled to vote at local council elections are not ratepayers and, safe in the knowledge that the cost would not have to be met by them, can elect any representative they like regardless that his policies may include reckless spending of rates income.

Even readers who are not ratepayers, or who have vested interests, cannot deny that this is allowing political representation without the taxation attaching to that privilege.

Although ratepayers should welcome any legislation, such as that recently proposed, to restrict rate increases, Mr Michael Heseltine, the Secretary of State for the Environment, adds insult to injury by proposing a referendum system whereby a council would, before levying a supplementary rate, have to seek approval of "the electors"! If the local electorate vote for maintaining services at levels higher than the local authorities can afford, the electorate as a whole should pay accordingly. The burden must be spread among all voters who have the ability to pay and not just among householders.

The Government has promised to abolish the present system, in connection with which Mr Heseltine has referred in Parliament recently both to "the inequities in the way local revenue is raised through the rates," and to the Government's intention "to issue a consultation document on the alternatives to domestic rates in the autumn."

All ratepayers are encouraged to support the continuing efforts of local groups and the National Union of Ratepayers' Associations to fight for the early abolition of the present rating system and its replacement by whatever spreads the burden equitably.

Patrick Baily,
Reading Ratepayers' Association.
15 Peppard Road,
Caversham, Reading.

Taxation

From Mr S. Blanche.

Sir,—Your announcement (July 15) on the method to be used by the Revenue to tax petrol suggests that the matter is being drafted by a gang of illiterate bandits, as anybody in the trench warfare of handling the weekly documentation and the monthly likewise of PAYE would know that it is unworkable before it starts.

S. Blanche,
Blanche and Co,
Thames House,
Wellington Street, SE1.

Richard Lambert, Financial Editor, charts the progress of the record £624m rights issue

BP: why the City had to sweat a little

ONE WEEKEND in early April, a team of workmen made their way up to the viewing gallery on the 33rd floor of British Petroleum's London headquarters, Britannic House. The gallery had been closed for repair work.

There they constructed a special office, complete with its own switchboard and facsimile machines. From this secret operations room, BP's financial staff were to co-ordinate the giant rights issue which—after a period of intense nail biting—was finally brought to a successful conclusion this week.

The issue, which raised £624m before expenses, will qualify for the record books on several counts. It was far and away the biggest equity offering ever seen in the UK. It incorporated a unique form of marketing to take account of the shares which the UK Government, as a major shareholder in BP, did not want to take up. It climaxed in what may have been the biggest share placing ever handled on the London Stock Exchange.

Total cost of the exercise was nearly £25m, of which some £13m went to the City institutions which organised and underwrote the issue. They had to sweat a little for their money. Only a few days ago, it looked as though this extraordinary operation was going to break yet another record—as the biggest equity flop of all time.

Senior executives in BP started seriously to consider the possibility of a major equity funding around the beginning of this year. By March, they were ready to go to the Government Broker and secure a place in the queue of would-be fund raisers which the authorities organise in order to maintain an orderly market. They were after a minimum of £500m, and they wanted it this summer. This, they thought, would be a prudent moment to strengthen the company's equity base ahead of a period of very heavy capital spending.

To organise the issue, BP's lead banker Lazard Brothers was joined by Morgan Grenfell and J. Henry Schroder Wagg. Their first and trickiest task was to decide how to handle the UK Government's interest in the issue. Partly through the Bank of England, the Government owned 44.6 per cent of BP's shares and the marketing of the issue was obviously going to depend to a considerable extent on whether it decided to take up its rights.

The Government refused to commit itself definitely in advance. But it made it clear that BP should plan on the basis that the Government's rights might not be taken up.

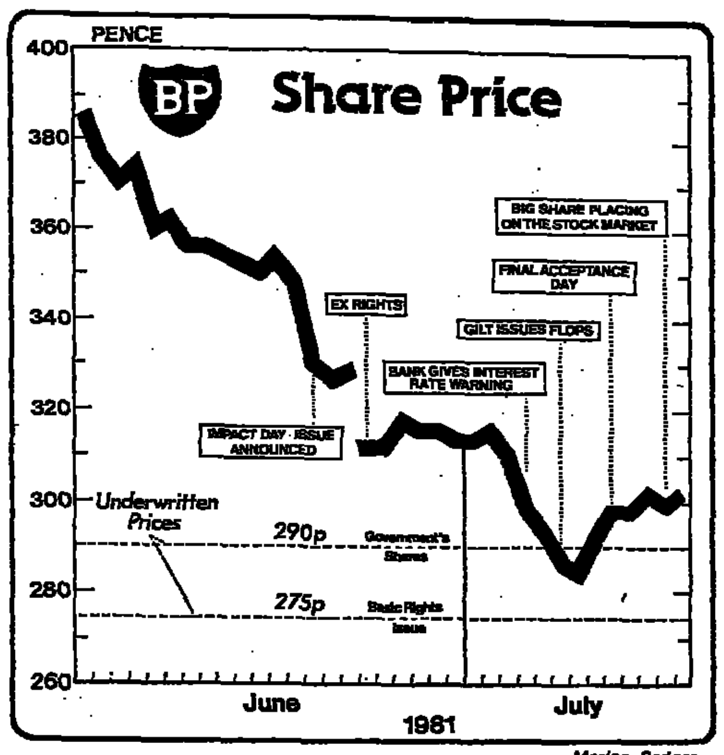
For about six weeks, the three banks toyed with all sorts of schemes for handling the Government's shares. In the end, their preferred solution was to underwrite the whole issue, and then offer the Government's entitlement for sale by tender to BP's other shareholders during the first weeks of the issue.

But the Government, which was advised by S. G. Warburg and Co., would have none of this. It wanted to be sure of what it was going to get for its rights, and did not want to risk being accused of letting them go too cheaply.

There followed what one banker describes politely as "a certain amount of agonising." Eventually, the agreed solution was to underwrite the whole issue, and at the same time to underwrite an agreed premium for the Government's rights.

According to Mr Bill Mackworth-Young, chairman of Morgan Grenfell and Co. "Only the Government could demand and get away with such treatment."

Mr Ian Fraser, chairman of Lazards, agrees. "We would only have done this for the Government." he says.



Marion Sedger

An agreed formula was worked out in advance, to ensure that last minute haggling over the price did not foul up the whole issue. And on June 17, the day before the public announcement of the issue, final terms were settled at a remarkable gathering of the City's establishment at BP's head office.

On the BP side was Mr Robin Adam, financial managing director and the executive with overall responsibility for the issue, along with Mr "Q" Morris, group finance co-ordinator. There, too, was the deputy Governor of the Bank of England, the Government Broker, the chairman and senior executives of the four merchant banks involved, and the senior partners of the three broking firms handling the issue—Scrimgeour Kemp-Gee, Hoare Govett, and Rowe and Pitman.

Groups of negotiators formed and reformed.

Although the City was already alive with rumours about an impending issue from BP, the overall security had been reasonable. Various Press announcements had been drafted in case of an accurate leak, but none had actually to be published.

Within BP, the operation was codenamed "Fencing" — "because everyone spent so much time sitting on the fence" —and the proofs of the issue document bore the dummy headline "Fencing and Woodcutting Co."

MR "Q" MORRIS
three explanations

Just after 8.30 the following morning, the three banks put their name on the line. Until they could lay off their liability with a wide range of sub-underwriters, they were at risk for the whole issue.

There was a *force majeure* clause, in the event of some kind of holocaust. But in practice everything depended on the market deciding that the issue had been priced correctly.

There are a number of recognised yard sticks by which the underwriting price of a rights issue can be judged. But plainly the BP offering was something special.

"Ultimately these things are frightfully subjective," says Mr Fraser. "You have to form a judgment of what the market will accept and what the company can get away with."

As the Stock Exchange opened that morning, the salesmen of the three broking firms were burning the telephone lines with calls to a prearranged list of potential sub-underwriters. Some turned down the proposition, but roughly 600 agreed to take part.

"We were feeling pretty comfortable by around 11 am," recalls Mr Fraser.

Then it was just a matter of sitting and watching BP's shares flicker up and down on the TV screen. The critical price was 290p: the level at which the Government's shares had been underwritten. The total value of these Government shares on offer was £294m—which by itself was bigger than any rights issue in the past.

For some time, all went well. The stock market had been anticipating a large issue from BP for some time before the announcement, and the share price held up reasonably well after the news.

But suddenly the issue was in trouble. In the space of four trading days, the premium on the Government's rights fell from 26p to virtually nothing.

What had gone wrong? Mr Morris has three explanations. Movements in U.S. interest rates and the strength of the dollar forced the Bank of England to flash warning signals about sterling money rates. Rioting in the streets was unsettling in itself, and set investors worrying about a possible change in the Government's economic strategy.

Then there was that index linked gilt. The issue of a new £1bn stock in the final days of BP's funding was always unwelcome. But when the gilt issue flopped, and the Bank of England accepted bids which would have seemed unthinkable only days before, disaster threatened.

As the whole stock market started to shift down, the sub-underwriters of the BP issue realised that they might be called on to take up great blocks of unwanted BP shares. They took steps to reduce their exposure by selling BP paper, which meant that the declines fed on themselves. On Thursday a week ago the market was deluged with BP sales.

Some underwriters are still fuming about the gilt-edged debacle. Says one: "What seems unbelievable is that HMG negotiated the BP terms quite hard—and then took every action in the last 10 days of the issue to upset the thing."

But at the end of the week, the mood of the stock market again started to change. There were glimmers of hope on Friday afternoon. By last Monday morning, BP's Mr Morris was expressing cautious optimism about the outcome.

Even though it was assured of its money, this was very welcome news for BP. It knew that if its issue had proved a disaster for underwriters, it might have had a price to pay at some future date. In affairs of the wallet, the City has a long memory.

As the 3 pm deadline approached last Monday, a rising flood of forms poured into the offices of the four clearing banks which were processing the applications. The market sensed that the issue was going to be largely absorbed by BP's shareholders, and the share price edged higher. That was vitally important, because it meant that any shares which were left *behind could be sold in the* stock market at above the underwritten price. That in turn would relieve the sub-underwriters of all their obligations.

It is impossible to pinpoint just why the mood changed. On one thing, everyone involved agrees. The issue was just too big to permit any massaging of the BP share price, even if anyone had wanted to try. It would, said one broker on that bleak Thursday, be like spitting in the wind.

But although direct intervention was ruled out, the City's top broking salesmen pulled out every stop to coax and persuade investors that this was indeed an attractive offer. And just as the earlier declines had fed on themselves, so the rebirth of confidence had a self-fulfilling effect. The same investors who had turned up their nose at the Government's shares on Monday were clamouring to buy them at a higher price on Thursday.

But first, more than half a million pieces of paper from BP's 270,000 UK shareholders had to be checked and counted. Altogether, the four clearers had 450 people on the job, and they had the final answer by Thursday morning.

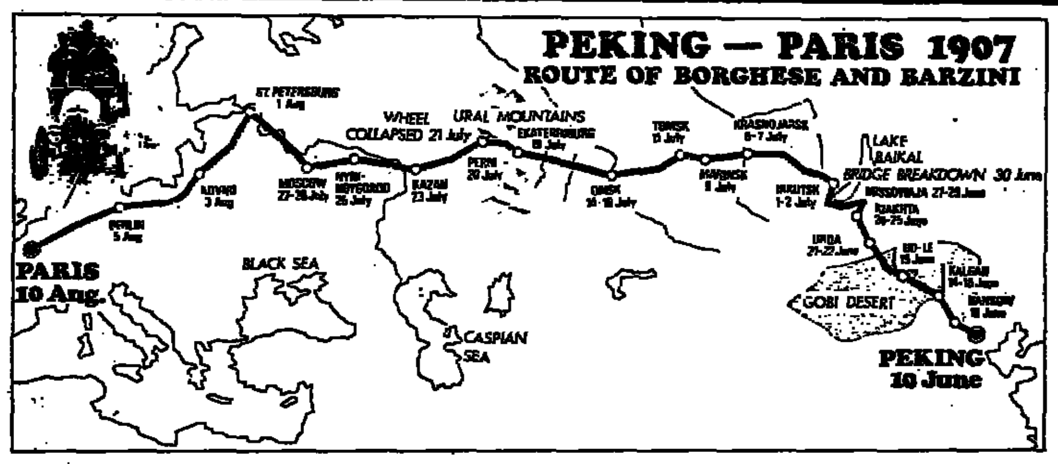
BP's shareholders, it emerged, had taken up 45.4 per cent of the Government's shares and no less than 91.6 per cent of their own basic entitlement.

At 9.15 am on Thursday, the broking salesmen were back on their phones, and by 10 am they had successfully placed the 65.8m shares which had not been taken up in the issue. The price was 140.07p per partly paid share, or just a squeak above the 140p at which the Government's entitlement had been underwritten.

So the City could breathe again. But is this the best way to raising equity finance on this scale? "It's the fairest way," says Mr Fraser, "because it gives all shareholders a crack at taking up the shares. But there are disadvantages, because of the length of time involved. You are exposed to the risk of external events hitting the share price right up to the last moment."

Weekend Brief

A long haul from Peking to Paris



"No madam, this is not the bus depot . . ." slam.

Wylton Dickson mutters something distinctly Australian, distinctly unprintable. The umpteenth similar call of the day. Moving offices has added complications to Dickson's already complicated operations.

If Dickson sounds a little harassed, he has a right to be. As the world's top organiser of "car marathons," he is furiously knitting together the 1,000 threads of what promises to be the most spectacular adventure in the history of motor sport: the Peking to Paris motoring challenge, to be run on the 75th anniversary of the first and hitherto only motoring run between the two cities.

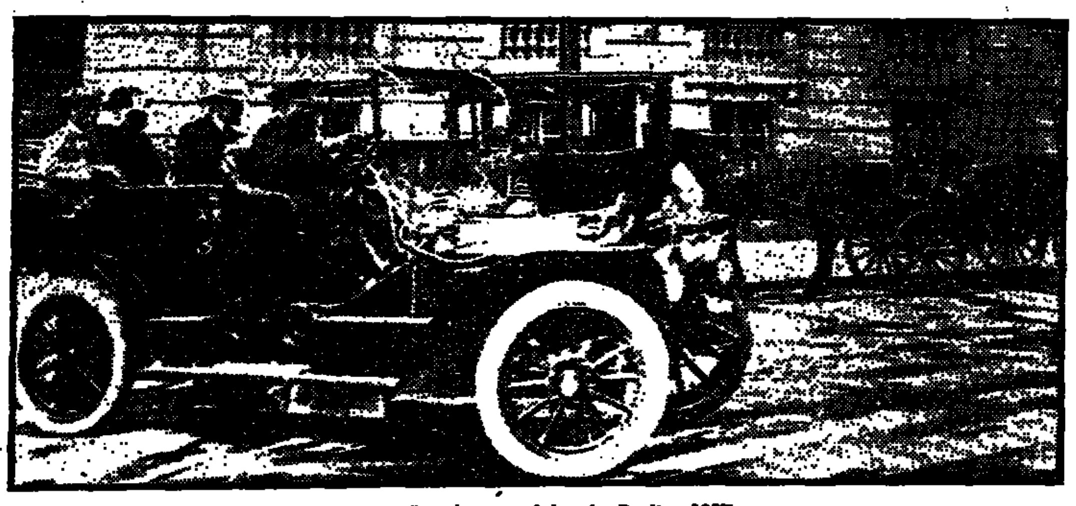
Next week M Jean-Marie Balstre, president of Fisa, the International Federation of Automobile Sport which governs motor sport world-wide, will formally announce that "Peking-Paris" has been placed on the international sporting calendar for June-July next year.

And that means that Dickson, the 53-year-old former advertising copywriter from "down-under" who has conceived and organised most motoring marathons of the 1970s, can start getting the event firmly on the road.

It is a formidable undertaking for both competitors and organisers.

For the 400 cars and crews who hope to set out from China's capital—weeded out from over 2,300 applicants to date—it means a 12,500 mile high-speed slog across the mountains of northern China, the Gobi desert, most of Siberia and the Urals before reaching Moscow and the gentler drive across Europe to Paris a scheduled 33 days later.

For Dickson and his small band of helpers, it has meant three years of wheedling and coaxing an endless array of reluctant Russian and Chinese officials—and of the Paris-based motor sport authority.



Prince Borghese arriving in Berlin, 1907

There will now be a race against time to get consents of member countries of FISA. Armed with them, Dickson can then get to grips with the multinationals waiting in the wings to stump up the £1m-plus that it's going to cost to sponsor the event. The lure is the immense world-wide publicity it is bound to attract and the inevitable spin-off for companies trading with the two Communist states.

Next year's event, if it takes place—that it might not is a prospect Dickson refuses even to countenance—will be a far cry from the original odyssey of 1907.

The challenge thrown down then by the sponsoring *Le Matin* newspaper said "all that is required of candidates is that they shall leave Peking for Paris in a motor-car, and shall arrive at their destination . . ." The 250 entries lodged in the first flush of enthusiasm saw, in the end, only five cars set out from Peking, among them the *Itala* of the imperious Italian Prince Scipione Borghese and his journalist companion Luigi Barzini.

Some 6,000 miles of the route were totally without roads. Within 10 miles of the start, the *Itala's* mudguards were being used as ramps across washed out trails. They were pulled across much of the mountains by teams of coolies; sides or gorges had to be pickaxed away to get the cars past.

One of the crews declared "We are not, properly speaking, automobolists but marvellous acrobats." The path across the Gobi was found mainly by following heaps of bones. On the Russian border, the *Itala* almost disappeared in a bog, then fell through a bridge. The irrepressible Frenchman Godard, in his Spyker, had a breakdown near Irkutsk. He had the car transported a round trip of 500 miles by rail for repairs, returning to the scene of the breakdown determined to cover the full route by "road." He made it.

On August 10, 60 days after setting out, the *Itala* reached Paris; the surviving other three vehicles came in 20 days later . . .

The 1982 event should see the leaders completing a route 4,000 miles longer in little more than half Borghese's time, though even Dickson thinks Johnny Thomas of Carmarthen is off his rocker for planning to attempt the route in a 1904 Darracq.

The world's leading rally drivers are lining up for places on the event, expected to cost major teams £1m or more to take part. (Dickson charges a fee for organising the event.)

And if all goes well, up to six of the cars will be carrying arms of the City of London. Veteran marathon driver Tony Howard, who carried greetings from the Lord Mayor to the mayors of Paris and Dakar on another marathon earlier this year, has the City's approval for the venture and the support of BL for the planned six-Range Rover team. He is currently at work drumming up the necessary £370,000 to run it.

Search for athletics quantum leap

The world of athletics has been dominated this summer by the repeated attempts of Steve Ovett and Sebastian Coe to break the world records they hold at every distance between 800 metres and the mile. Their achievements have inevitably provoked the question: will athletes continue to break records indefinitely, or will there come a time when a barrier is reached that no one can overcome?

Ovett's coach, Harry Wilson, is not a man who believes in barriers. He points out that the four-minute mile was once considered to be impossible, but Ovett was running it in training by the time he was 20. Even now it is unlikely that Ovett, or anyone else, is using more than 60 to 75 per cent of his available muscle power except in moments of extreme stress. Improvement is bound to come as athletes dig into the 25 per cent that are as yet wasted.

So far no one possesses a reliable formula for extracting those reserves. When someone discovers it—either a coach working from his observations of athletes on the track, or a physiologist working in the laboratory—one of the quantum leaps in performance that pepper athletic history will occur.

The most recent of these has been Sebastian Coe's astonishing performance in the 800 metres. With a time of 1 min 41.7 secs he has taken 1.7 seconds off a record that had been lowered by only 0.9 seconds in the previous 20 years. He has done this thanks to a combination of long legs, the muscles of a sprinter and the lungs of a marathon runner, with an innovative training programme that emphasised speed and gymnastic flexibility over the traditional virtues of high mileage and stamina.

While the rest of the world's runners, following the lead he has set, slowly catch up with Coe the search continues to find a new means of making men run further, faster. One obvious, if illegal, answer might be the use of drugs such as anabolic steroids. But whilst use of such body-building drugs dominates the field events, they have made little impression on middle distance running in which sheer strength is often less valuable than intangibles such as style or tactical appreciation. Most, if not all, of the middle distance records broken in the past two decades have been achieved without the help of drugs and this trend looks likely to continue.

The key to unlocking the extra power of the body may well lie in the mind. The psychological aspects of athletics are as yet far less understood than the physical, but there can be no doubt that "self belief" and "motivation" are central to any successful athlete. The complexity of influences upon a middle-distance runner which the length of the race and the proximity of fellow competitors induce mean that systematic mental conditioning for a particular race is extremely difficult. A conference on sports psychology which all the leading British coaches will be attending in November may help to encourage progress towards more efficient mental training.

It is almost certain that athletic standards will continue to improve for the foreseeable future. Even if the limits of current potential are reached there is no reason to doubt that new capabilities will be developed. As George Gandy—one of Coe's coaches and a lecturer in biomechanics at Loughborough University—put it: "Predictions about humans are often governed by how they are, not how they may be, but it is wrong to suppose that they will not adapt to stress and change."

Even if Ovett beats his record tonight we can rest assured that before the end of the century schoolboy runners will be covering the distance as fast and thinking of it as no more than a stroll.

The writing—not the painting—on the wall

Judging by some of the headlines last week Old Master paintings seemed to be less valuable than wallpaper. Both Sotheby's and Christie's, at their main summer sales of important Old Masters, saw buyers sitting on their hands: they were left with over 50 per cent bought in, and some grim forebodings about the state of the market.

But Sotheby's and Christie's are much happier now. Many of the best pictures unsold in the auction room have been disposed of privately and often at prices above the final unsuccessful saleroom bid. Although demand is not perhaps as strong as it was, good pictures still sell well—they ought to; there are not that many left these days outside museums and art galleries.

There were two main reasons for the poor sales. William Mostyn-Owen of Christie's attributes most of the responsibility to high reserves imposed by vendors. Buyers of Old Master paintings in the last decade or so have usually had one eye fixed firmly on their investment potential and expect an unrealistic 10 per cent appreciation a year. In the current trading climate they are bound to be disappointed.

In contrast, owners of paintings fresh to the market and with flexible reserves did well—two attractive views by Zocchi made £48,000 and £45,000 respectively above forecast. A van Goyen, not seen on the market for over 50 years, also beat its estimate at £90,000. Christie's prize lot, a portrait by Goya, just failed to sell, although the bidding reached £850,000, and negotiations to dispose of it are still continuing. In all eight paintings have been sold since the sale.

Christie's had a slightly better time than Sotheby's because its auction was two days later and vendors, seeing the high proportion of unsold pictures in Bond Street, trimmed their expectations. At Sotheby's Tim Llewellyn puts the initial bad result down to dealers with unsold stock on their hands unwilling to invest in more with the summer coming up and potential buyers on holiday. But after the sale private collectors came around, attracted by the apparent bargains available. Sotheby's has subsequently sold some of the most important pictures, including a Teniers for £30,000 as against a top bid in the saleroom of £25,000.

Works by Breughel, the Younger, Boucher and Frans Post have also now found buyers.

But if the final out-turn was much better than at first seemed it remains true that not so many really fine Old Masters are appearing on the market, and that many overseas collectors, especially the Germans and Americans, are switching to Impressionist and modern paintings, or works by their national artists, at the expense of Old Masters. And the British, who rarely appear at these sales as either buyers or sellers, if they do have a masterpiece to dispose of, are showing more interest in sales by private treaty, which carry tax advantages.

Contributors
John Griffiths
David Thomas
Antony Thorncroft

Economic Diary

TOMORROW: National Savings figures (June). Mr Ron Haywood, Labour Party general secretary, addresses Tolpuddle Rally.

MONDAY: Two-day Western Economic Summit opens, Ottawa. Two-day meeting of EEC Agriculture Ministers begins, Brussels. House of Commons debates EEC budget. Mr Michael Heseltine, Environment Secretary has first inner cities inquiry meeting with Merseyside local authority leaders. Special delegate conference of ambulance workers to review pay and industrial action campaign. Retail sales (June provisional). New construction orders (May). Post Office cuts charges for parcels overseas. Auction of designs and drawings in connection with American manned spacecraft, Sotheby's, London.

TUESDAY: Unemployment and unfilled vacancies June provisional figures. British Gas annual report.

WEDNESDAY: Meeting of Trades Union Congress general council. International banks meet for two-day discussions on Polish debt, Zurich.

THURSDAY: Consolidated Fund (Appropriation) Bill in Commons. New vehicle registrations (June). Bricks and cement production (2nd qtr). Institutional investment (1st qtr). Consumers' expenditure (2nd qtr—1st preliminary estimate). British Airports Authority annual report.

FRIDAY: Commons debates Brandt Report. Sales and orders in the engineering industries (April). Decision by Liberals and Social Democrats on joint candidate for Croydon North by-election.

Lloyds Bank up 20% to £175m at midway

AT £174.7m, pre-tax profits of Lloyd's Bank for the first half of 1981 show a 20 per cent increase over each half of 1980 when profits totalled £145m.

However, the retained balance is sharply reduced from £101.4m to £54.6m by the special levy on banking deposits introduced as a once-for-all measure in the 1981 Finance Bill. This levy amounted to £58.6m and has been provided for as an extraordinary item on the assumption that the Bill will shortly become law.

The improvement at the pre-tax level reflects a strong performance by Lloyd's Bank International and, as regards a comparison between the second half of last year and the first half of this, a reduction in the provision for bad and doubtful debt. For the six months under review LBI turned in a profit of £50.6m. This compares with £22.8m and £41.7m respectively in the first and second halves of last year.

The debt provision was £24.3m, against £15.9m and £51.9m. It broke down as to specific £16m (£7.9m and £44.7m) and general £8.3m (£8m and £7.2m).

Inflation had the effect of cutting the CCA taxable surplus to £105.7m (£63.4m and £101.1m), and after tax, minorities, dividend costs and the special levy this was turned into a loss of £13.9m (profits £20m and £27.2m).

Commenting on the results, Sir Jeremy Morse, chairman, reports that in the UK over the last six months lodgments have increased in line with inflation but advances were virtually flat. Costs continued to rise, and the average base rate was 12.8 per cent, compared with 15.7 per cent in the second half of 1980 and 17 per cent in the first. Nevertheless, the margin between average base rate and average deposit rate was 2.8 per cent, against 2.1 per cent and 2 per cent in the two previous half-year periods, service charge income was higher and the charge for bad and doubtful debt provisions for the parent bank was £10.2m (£33.8m second half of 1980 and £7.4m first half).

	First half 1981 £m	Second half 1980 £m	First half 1980 £m
Interest income	1,485.8	1,402.1	1,292.1
Interest expense	1,029.5	951.5	896.3
Net interest inc.	456.3	450.6	395.8
Debt provisions	24.3	51.9	15.9
Other operating income	154.4	133.7	116.7
Operating expen.	412.7	391.8	356.7
Operating profit	173.7	140.6	139.9
Share of assoc.	12.7	12.7	11.8
Interest loan cap.	11.7	8.2	6.9
Profit before tax	174.7	145.1	144.8
Tax	45.3	57.6	30.2
Profit after tax	129.4	87.5	114.6
Minority profits	0.9	0.5	0.4
Extraord. debit	58.6	—	—
Attributable	69.9	87.0	114.2
Dividends	15.3	16.4	12.8
Retained	54.6	70.6	101.4

* Provision for special levy on banking.

As a result of these factors, domestic profits, on an historic cost basis, were higher than the second half of 1980 but lower than the first half.

Basic earnings per £1 share are stated at 74.7p (67.2p first half 1980 and 51p second) and fully diluted they are shown at 68.7p (61.7p and 46.9p). The net interim dividend is stepped up from 7.5p to 8.625p. Last year's total payment was 17.1p.

Lex, Back Page

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Atlantic Assets	1	Oct. 16	1	2‡	0.95*
Benlox	0.5	Aug 28	0.5	0.5	0.5
Black Arrow	1.6	Oct 1	1.6	2.5	2.5
Lloyds Bank ......int.	8.63	Aug 28	7.5	—	17.1
Robt. Lowe ......int.	0.67	Sept 30	0.67	—	2.72
Lynton Holdings	1.9	Sept 12	1.9	3.4	3.1
Romney Trust ......int.	1.3	Aug 28	1.3	—	4.4
Stoddard Hldgs.	Nil	—	Nil	Nil	0.56
Syltone	7.2	Oct 1	7.2	9	9
Tex Abrasives	2.5	Sept 14	2.42	3.25	3.17
Wheway Watson	0.05§	Oct 1	0.71	0.05	1.16
Wiggins Constructn.	1.5	—	0.95	2.5	1.9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes extra 1p payment. § To maintain trustee status.

Restructure puts maximum nine year life on Ailsa

Ailsa Investment Trust, the Glasgow-based fund with a largely UK-orientated portfolio worth about £14.87m, is to be restructured to give it a limited life of nine years, with an annual shareholders' option of winding up the trust.

If proposals put to the company by Cornhill Insurance, which owns 27.1 per cent of Ailsa, and by Rothschild Investment Trust, which controls 9.1 per cent, are approved, new management contracts would be entered into with an RIT subsidiary, and Mr David Montagu, a former chairman of Samuel Montagu, the merchant bank, and Orion Bank will join the board. Mr Montagu will make management of Ailsa his principal occupation, according to S. G. Warburg, the merchant bank which is advising RIT.

Shareholders in Ailsa would also have the opportunity of selling their shares through Warburg at net asset value on the day on which the proposals are approved.

The net asset value of the fund is estimated to be about 217p a share, but the payment to shareholders will be affected by the valuation and treatment of the company's £510,000 5 per cent cumulative preference stock. If valued at market value on the day of approval, this could dilute the payment to ordinary shareholders by up to 5p a share.

Mr Montagu yesterday said that the trust would in future tend to concentrate its investment in recovery stocks and special situations.

He added that no plans were included in the proposals for the future of Alva Investment Trust, of which 13.9 per cent is owned by Ailsa and 29.9 per cent by Cornhill Insurance.

Although Cornhill and RIT are acting in concert in their proposals for Ailsa, because their combined shareholding is in excess of 30 per cent, this is unlikely to trigger a formal bid under Takeover Panel rules because shareholders will have the option of selling their shares at net asset value.

It is likely, however, that they will be restricted to buying less than 2 per cent of Ailsa's stock in any year from now on.

Ailsa's shares closed at 218p, up 13p, last night, equal to the net asset value. But this was 30p above the 188p at which the shares were trading before the announcement, which represented a 13.8 per cent discount to assets.

Debenhams look for progress

Debenhams, the department store chain, was heading for an encouraging increase in its volume of sales, and although margins continue to be under pressure, this year should be one of "progress," Mr Robert Thornton, the chairman, told the annual meeting.

He said that results so far this year had been encouraging in the men's and children's clothing and in the goods, furniture and leisure divisions, but the fashion departments had experienced a disappointing spring and summer.

There were many warnings of a difficult second half, but the company's trading stance was right to cope with these conditions, Mr Thornton said.

He told the meeting that the company was looking at ways to improve the balance of the group's performance over the year. The last three or four months of the year were particularly important, he said, and it was not possible after the first six to seven months to give a good estimate of performance for the year as a whole.

The group's policy of rationalising its property holdings was continuing and further progress had been made. A new store in Cambridge had recently been authorised, and should open in 1983.

Merger increases Stoddard loss

As expected, the acquisition of British Carpets has had an adverse effect on the results of Stoddard Holdings, and the group has turned in a pre-tax loss of £1.87m for the 10 months to March 31 1981.

This compares with a midway loss of £898,000 (£370,000 profit) and a surplus for the last full year of £86,000.

However, Sir Robert Maclean, chairman, repeats his forecast that, if current demand is maintained, the group should be operating profitably by the second half of the current year.

He explains that the results reflect not only the poor trading conditions of the last year but also the heavy transitional costs of the merger. Although this did not become unconditional until January 12 last, the losses of the companies acquired are included from December 3 1980, the date when Stoddard assumed management control.

Turnover of this carpet manufacturer went ahead in the 10 months to £22.82m (£19.3m for 12 months) and the loss was struck after finance charges of £626,000 (£625,000).

After tax credits of £1.61m (£84,000) and extraordinary debits of £580,000 (£107,000) representing closure costs, the attributable deficit came through at £834,000 (£63,000 profit).

The final dividend, like the interim, is omitted—the group made a single distribution of 0.556p at the interim stage last year. The loss per 25p share is shown as 2.6p (2p earnings).

● comment

Stoddard Holdings has lost a further £1m in four months and prospects for improvement are far from bright. The deal with Guthrie, which seemed like a good idea at the time, is adding to Stoddard's headaches as trading conditions in the carpet industry remain moribund. The group's smaller tufted units continue in the black, but Templeton did not turn to profits as hoped and the other large units helped push trading losses to £1.2m for the 10 months. Exports have dropped from 30 per cent of sales to 15 per cent in the 10 months, which the company blames on strong sterling and new protection measures taken in Australia. With rationalisation continuing and a 26 per cent cut in its workforce, the company predicts a return to profitable trading in the second half of this year. But shareholders cannot expect much of an improvement and it looks like it will be some time before dividends can resume. Short-term borrowings are down only slightly to £4.67m while capital gearing is around 60 per cent. The share price, unchanged at 15p, is 10p under par, and looks set to stay there where the market capitalisation is just under £2m.

£1.8m loss for Wheway Watson

AFTER A £913,000 dive into the red at mid year, engineering group Wheway Watson Holdings sustained increased losses in the second half to finish the year to April 4 1981 with a pre-tax deficit of £1.83m, compared with a profit of £470,000.

Action has been taken which will result in substantial savings in costs, says Mr W. G. Biggart, chairman. Although he expects the first half of the current year to show continuing losses, there will be a modest return to profitability in the second half, given some improvement in trading.

The loss this time was struck after interest charges up from £453,000 to £892,000 and an exceptional debit of £359,000 (nil).

The directors are recommending a token 0.05p dividend for the year to maintain trustee status—last year a total of 1.16p was paid.

After a tax credit of £34,000 (£107,000 charge) and extraordinary debit of £328,000 (£40,000 credit), there was a transfer from reserves of £2.13m (£119,000 to reserves).

Group turnover expanded from £16.92 to £20.45m.

BIDS AND DEALS

Ibstock takes 20% of Eucalyptus Pulp

Ibstock Johnsen, the building products group, has lifted its stake in Eucalyptus Pulp Mills from 15.6 per cent to just over 20 per cent.

The group has purchased 155,500 shares for a total consideration of 466,500 new Ibstock shares and has bought a further 8,000 shares for £17,500 cash. Based on yesterday's closing price of Ibstock of 77p (down 3p) this places a total value on the share purchase of around £376,000. Eucalyptus shares gained 8p to 218p, valuing the Ibstock stake at £1.62m.

Ibstock has been a substantial minority holder in the company for many years and the increase in the stake enables Eucalyptus to be treated as an associate.

Through its Portuguese subsidiary Companhia de Celulose do Caima Eucalyptus manufactures sulphite pulp from eucalyptus wood, used in the production of high grade paper.

Eucalyptus is also engaged in Portugal in the planting, growing and harvesting of eucalyptus trees as a raw material. For 1980, Eucalyptus made profits before tax of £3.52m on turnover of £15.35m.

UU TEXTILES

Mr Richard Ratner has resigned as chairman of UU Textiles because of the ill health of his wife and other commitments. Mr Jeffrey Dunn now takes over as executive chairman.

Mr Ratner and his family own 60 per cent of UU's shares, but they "will not be for sale in the open market," Mr Ratner confirmed yesterday. That did not mean that a private approach would not be studied, he added.

OZALID

Ozalid Group Holdings, the repographic group, announces that talks are taking place for the sale of J. B. Broadley, a subsidiary, to the management of the company.

Broadley is a leading manufacturer of coated fabrics with an annual turnover of around £4m. It employs 137 people at a factory at Rawtenstall in Lancashire. Ozalid is a wholly-owned subsidiary of Océ-van der Grinten of the Netherlands.

Ward White expands in U.S.

A move is being made by Ward White to add to its shoe retailing operations in the U.S. at a cost of $8.6m (£4.5m).

Through its American subsidiary it has reached agreement in principle with U.S. Shoe Corporation of Cincinatti to purchase shoe retailing stores which trade under the name of Kushins Shoes.

The agreement covers 20 stores operating in California. The consideration will be financed by bank loans in the U.S. In the year ended July 31 1980 the Kushins division achieved a turnover of $14m (£7.4m) and earned a net trading profit of $1.6m (£0.8m) before tax.

It will be a condition of the contract that U.S. Shoe undertakes to maintain the net worth of Kushins at not less than $7.1m (£3.7m) at the contract date of July 4.

Mr Philip Birch, managing director of Ward White, believes that Kushins, which operates in high quality and higher priced merchandise, is capable of considerable development.

Kushins has shown "dramatic growth" in the prosperous and expanding California and Nevada states and there are plans for immediate store expansion in 1981 and 1982, he says.

Last year Ward White entered the U.S. retailing market with the acquisition of the 50 stores of Childs Corporation of Pittsburgh.

East of Scotland Onshore at 64p

THE PROSPECTUS is published today for an offer for sale of 4m new shares of East of Scotland Onshore, an investment company that specialises in small, unquoted, oil service companies, at 64p per share.

Formed in May 1975, ESO has stakes in 13 companies which it values at £4.25m compared to a cost of £1.79m. Its largest investment is in Oilfield Inspection Services, where it has made an £80,000 loan and has shares it values at £1.75m. OIS plans to go public later this year.

The fund is managed by East of Scotland Investment Managers. Assets per share based on the 6m shares in issue before the offer amounted to 73.3p. This will be diluted to 66p as a result of the offer.

The company had 80 shareholders prior to the offer who have subscribed for a total of £2m in shares over the past six years. Following the offer, London Trust will hold a 7½ per cent stake, Industrial and General Trust 6 per cent, Scottish Eastern Investment Trust 3.9 per cent and N. C. Lombard Street Nominees 3 per cent.

The offer has been underwritten by brokers Parsons and Company and Williams de Broe, Hill Chaplin. Applications are due by 10 am on July 23 and dealings are expected to begin on July 28.

● comment

The East of Scotland Onshore prospectus provides a sobering view of experience in the now fashionable game of setting up investment companies to specialise in small, unquoted companies. Of the 13 oil service companies ESO has invested in since 1975, four have appreciated in value, five have gone nowhere, three have declined and one has been written off. The overall value of the portfolio—as assessed by the directors because no market quotation exists for its investments—has grown 137 per cent compared to about 120 per cent inflation over this period. A few of ESO's investments, such as OSEL Offshore Systems, which makes manned submersibles, and Oilfield Inspection Services, seem on the verge of very exciting growth but then small companies often tantalise. As the directors say, this is a risky business. It also seem to be a long-term one, to judge by ESO's experience.

Tex Abrasives profit fall

Although taxable profits of Tex Abrasives declined from £379,756 to £278,467 for the year to March 31 1981 the company, which manufactures industrial coated abrasive products, is raising its net total dividend marginally from 3.17345p to 3.25p with a final of 2.5p.

Turnover for the 12 months was lower, falling from £5.71m to £4.83m.

The taxable surplus was struck after depreciation of £92,928 (£93,379) and was subject to tax of £99,584 (£151,240).

Attributable profit was £397,547 (£202,575) after a surplus on property sales of £35,593 (nil), stock appreciation credit £230,611 (nil) and currency adjustment debits of £47,540 (£25,934).

Stated earnings per 10p share fell to 8.3p (10.7p).

John Beales optimistic

Mr G. H. Bignall, chairman of John Beales Associated Companies, told the annual meeting that the distinct improved trend reported in his statement accompanying the results for 1980-81 was continuing.

He said four months of the current year had passed and he saw no reason to alter what he said five weeks ago about trading in the current year. "John Beales is very much in business," he said, "and any specific, or certainly any general trade improvement in margins or volume, would quickly and positively have a substantial effect on the results."

The chairman added that the aim of the directors was to return to the dividend list as soon as the results and market conditions justified such action.

Mr Bignall pointed out that two of the four properties offered for sale had been sold. The other two had been withdrawn from the market, he said, and the directors were contemplating other possibilities of deriving benefit from those assets.

For the year to March 19 1981 the group, manufacturer of underwear and outerwear, reported reduced pre-tax losses of £338,000 (£831,000). There was no dividend—the last payment was a final in 1979 of 1.8196p net for a total of 3.2196p.

Wiggins Construct at £1.3m

A turnround from a pre-tax deficit of £519,000 to a profit of £1.33m is reported by Wiggins Construct for the year to March 31 1981. Turnover was virtually static at £30.35m, compared with £30.45m.

Tax took £71,000 (£503,000 credit) and the attributable surplus came through at £1.05m (£126,000 loss) after extraordinary debits of £205,000 (£35,000).

Stated earnings per 10p share rebounded from a loss of 1.54p to earnings of 19.12p and a final dividend of 1.5p raises the net total from 1.9p to 2.5p.

At midyear taxable profits were higher at £262,000 (£243,000).

On a CCA basis the pre-tax profit for the year is reduced to £765,000.

New chairman Mr S. P. Hayklan says the record results achieved follow a group reorganisation to restore profitability in hostile trading conditions.

The group is principally engaged in the creation of commercial and industrial property investments. Its other activities are "generating encouraging returns."

Westbrick merger talks with Beazer called off

Westbrick, the Exeter-based brick and concrete products manufacturer and mechanical engineer, has called off the merger talks with C. H. Beazer, the property development and construction group.

Beazer acquired an 11.5 per cent holding in Westbrick in a surprise "dawn raid" on the stock market on July 10. It purchased 494,000 shares at around 75p a share, valuing Westbrick at £3.2m. It then said that it intended to talk to Westbrick about a recommended offer for the rest of the company's equity at a price equivalent to about 75p a share.

Westbrick said on July 13 that it had agreed to open discussions with Beazer in order to establish whether there was any basis for a merger between the two groups.

However, Westbrick yesterday said that it had given "careful consideration" to the proposals by Beazer but did not believe that a merger of the two companies would provide "any worthwhile advantage" to the group. It also said that, although no formal offer had been made, it considered the 75p a share suggested by Beazer in no way reflected the value of Westbrick.

Mr Brian Beazer, managing director of Beazer, yesterday said that he was "disappointed" that talks had been broken off.

Mr Beazer said that he would now have to "consider the options" open to him with regard to his 11.5 per cent holding in Westbrick.

FIELDWOOD STAKE IN BRAHAM MILLAR

A private company has acquired a 14.9 per cent stake in Braham Millar, an Enfield based mechanical engineering group, which has shown a sharp reverse from profits of £1m in 1977-78 to a loss of £85,000 in 1980-81.

Fieldwood, a recently formed "shell" company, acquired 1,886,400 shares on Thursday through L. Messel and Co., stockbrokers. The shares jumped 6p to 18p yesterday.

Fieldwood has two directors: Mr Michael Macarthy, who runs a company called Consumer Microcircuits involved in the manufacture of microchips for the defence industry; and Mr Vere Smith, formerly with Barclays Merchant Bank.

Amalgamated Power turns down NEI bid

Amalgamated Power Engineering, the Birmingham based diesel engine and steam turbine group, yesterday formally rejected the £25.6m bid from Northern Engineering Industries launched on Wednesday.

NEI—which has said that the offer of 140p per share will not be increased—was in the market again on Thursday and purchased a further 695,000 shares. This takes its holding up to 12 per cent. The APE shares were unchanged at 140p yesterday.

The Amalgamated directors say they have decided after careful consideration the offer is "inadequate and not in the longer term interests of shareholders or employees."

Shareholders are advised again to "take no action," and directors say they will give further details behind the rejection after the formal offer is published.

Results due next week

Inchcape, which reports preliminary results on Thursday, is not likely to match the strong performance it turned in at midway when it notched up a 25 per cent rise. Pre-tax profits for the year ended March 31 are likely to reach the £71m to £74m range, from £65.6m last time. The group's activities in Asia have performed well in the last year, with its Singapore subsidiary turning in a 60 per cent advance in pre-tax profits to S$110m. Trading profits in Hong Kong also rose sharply during the year. The UK trading picture was dismal and this sector's contribution may have slid to less than half of last year's £11.4m. The market is already looking to next year, when profits are not expected to go much beyond the £80m to £82m range with the UK remaining depressed. Analysts are looking for a maintained dividend or perhaps a sweetener lifting it to 18.5p, which might just be a signal that a rights issue is in the offing.

Monday will see the release of preliminary results from Dowty Group, the mining to areospace and defence company. At the interim pre-tax profits were nearly £2m ahead and the company said it expected group turnover and profits to increase, although they were not likely to be very much higher than in the past year. That said, analysts estimates range from £38m to £41m pre-tax for the year end March 31 1981 against £37.9m in the comparable period. The mining and industrial divisions, which last year contributed about half of earnings, will be sharply down as the result of the National Coal Board cutbacks, the absence of last year's exceptional Chinese contract and lower demand for industrial seals and hydraulics. In contrast, profits from aerospace, defence and electronics have zoomed ahead. The interim dividend was raised from 2p to 2.2p and a rise of similar magnitude on last year's final of 2.5p is likely.

Market expectations for the preliminary results of MFI Furniture, expected Thursday, have not changed dramatically since its disappointing interim announcement. Pre-tax profits for the year ended May 31 should land between £10m and £11m, down from last year's £16.8m. Trading has improved slightly in the second half and the decline comes largely from the first-half squeeze on margins and the cost of reorganising Status Discount. MFI is now starting to put up its prices while the benefits of Status should also start flowing this year. In addition, should the company manage to whittle down its fairly substantial borrowings of about £18m, it seems well placed to improve on 1980's results or do better. The dividend is expected to be comfortably maintained.

Davy Corporation's recovery from last year's earnings collapse is expected to be further underlined by its preliminary figures on Thursday. Davy, currently awaiting the Monopolies and Mergers Commission verdict on the unwelcome bid from America's Enserch, needs all the good news it can get. At the interim Davy pleasantly surprised the market with a profit rise of more than 100 per cent over the admittedly weak comparable period. The company predicted full year results would be higher than the previous year but still below its potential. Davy appears to be holding its own in the process plant market, although its manufacturing interests are having a tough time. Analysts estimates for the year end March 31 1981 range from £17.5m to £20m as against £15.9m. The interim dividend was maintained and last year's 4.7p final will be at least matched.

John Brown will unveil a lacklustre set of preliminary figures on Friday. At the interim the company warned pre-tax profits for the year to March 31 1981 may have fallen as low as £12m compared with £21.3m in the previous year. The group's gas turbine business, a major area of its activities, will have been in loss and this sharp deterioration will probably account for the bulk of the profits downturn. The strongest performance will have come from the process engineering and construction division where activity is up on last year but with pressure on margins, profits will be slightly lower. Analysts estimates range from £12m to £13.5m pre-tax

Among other companies reporting, Hogg Robinson will announce its preliminary results on Tuesday. At the interim profits were slightly down but in January the chairman appeared optimistic that the final results would be an improvement on last year's £8.6m for the period to March 31 1980.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Arlington Motor Holdings	Wednesday	2.5	6.5	2.5
Astra Industrial Trust	Tuesday	0.25	0.54	0.75†
Brown (John)	Friday	1.75	2.5	1.75
Burt Boulton Holdings	Thursday	3.5	6.5	3.0
C.H. Industrials	Monday	0.9075	1.5125	0.9075
Control Securities	Wednesday	0.63636	1.27273	1.05
Cook (William) and Sons (Sheffield)	Thursday	0.85714	1.0	0.42857
Crown House	Monday	2.25	3.0	2.25
Dana Investment Trust	Wednesday	1.6	2.25‖	1.8
Davy Corporation	Thursday	2.0	4.7	2.0
Dom Holdings	Friday	1.972	3.732	1.479
Dowty Group	Tuesday	2.0	2.5	2.2
Hampson Industries	Wednesday	0.25	0.47727	0.25
Hogg Robinson Group	Tuesday	3.0	2.7	3.0
Howard Tenens Services	Friday	1.0	1.28	0.75
Inchcape	Thursday	7.15	11.0	7.15
Initial Services	Monday	2.25	5.25	2.75
Investment Company	Thursday	—	1.575	—
MFI Furniture Group	Thursday	1.1	1.52	1.1
Ransome (William)	Wednesday	1.427	4.175	1.5
Sheffield Refreshment Houses	Monday	0.7	1.82	0.7
Siebe Gorman Holdings	Monday	2.51	4.75	2.51
Sogomana Group	Friday	3.0	7.0	3.0
Trust of Property Shares	Thursday	—	—	—
United Gas Industries	Thursday	1.4	3.5	1.4
Vinten Group	Monday	1.0	1.8	1.0
Ward and Goldstone	Thursday	0.9	4.5	0.9
Wood (S. W.) Group	Thursday	2.0	3.2	0.5
Wyndham Engineering	Wednesday	—	1.75	—
INTERIM DIVIDENDS				
Albion	Wednesday	0.6	—	
Allied Textile Companies	Wednesday	2.82	4.42	
Berisfords	Thursday	1.2	2.6	
Bullough	Thursday	4.2	6.55	
Cardinal Investment Trust	Thursday	1.65	2.85	
Concord Rotaflex	Monday	0.1	—	
Derby Trust	Thursday	8.613	11.646	
Jacobs (John I.)	Thursday	0.7	2.14	
Leda Investment Trust	Monday	2.1	4.0‡	
Lovell (G. F.)	Monday	3.0	—	
Meggitt Holdings	Monday	0.42	0.42	
Meldrum Investment Trust	Tuesday	1.25	2.0	
Moorside Trust	Wednesday	1.0	2.5	
St. Andrew Trust	Thursday	2.5	3.8	
Vosper	Thursday	—	—	
Weber Holdings	Thursday	2.0	15.0	
INTERIM FIGURES				
Deanson (Holdings)	Monday			
Edinburgh American Assets Trust	Wednesday			
Hampton Trust	Wednesday			
Piccadilly Theatre	Thursday			
Portsmouth & Sunderland Newspapers	Thursday¶			
West Coast and Texas Regional Invest. Trust	Tuesday			
Westminster Property Group	Friday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes a dividend of 0.5p paid out of profits from sale of subsidiary. ‡ Includes a special centenary dividend of 0.5p. ¶ First-quarter figures. ‖ Second interim dividend.

Dewhurst sees turning of the tide

REFLECTING THE main part of the operational reorganisation, first half losses of Dewhurst and Partner have increased substantially from £57,920 to £348,800.

And the directors of this electric control equipment maker state that: "It is certain that we are moving towards a restoration of profitability and our financial strength remains sound."

Dupar Canada is expected to continue to make an increasing contribution to a return to profitability for the group in the coming year. It has shown a growth in sales, and will benefit from the continuing weakness in the value of sterling.

A tax credit of £122,000 (£31,000) reduces the net loss to £226,800 (£56,920), equal to 3.15p (0.79p) per share. At the end of 1979-80 the group had moved into a small profit, and paid a single dividend of 0.15p.

As part of the reorganisation the business carried on by Dupar Pelapone at Derby, other than spares service, has now been closed down resulting in extraordinary losses of £170,578. Electrical power plant manufacture has been discontinued while all other production until recently carried out at Derby has now been transferred to Hounslow.

The latter factory had been severely affected by the recession and extended short time working augmented the losses generated. Transfer of production from Derby has gone a long way towards restoring profitability but some areas remain underutilised.

The group is now poised to erode this deficiency further in the coming months by introducing a range of lift car doors and lift entrances at a competitive price.

Canning paying £2.08m for Marston Lubricants

W. Canning, the chemicals, metals and electronics group, has agreed terms for the acquisition of Marston Lubricants for £2.08m.

Marston manufactures and distributes a range of chemicals consisting principally of lubricants and sealants. It has an overseas distribution and manufacturing subsidiary in West Germany, Marston Oelchemie GmbH, which accounted for some 52 per cent of the Marston Group's pre-tax profits in 1980-81, and a small distribution subsidiary in France.

Marston's profits amounted to £368,000 in the year ended March 31 1981, on sales of £2.9m. Net tangible assets amounted to £1.45m and the group had cash in hand of £460,000.

The consideration will be payable in cash or, at Canning's option, partly in cash and partly in new Canning ordinary shares up to a maximum of 1,192,190 shares (10 per cent of Canning's ordinary capital).

Canning and Marston should benefit from each other's respective strong market positions in the UK, but particular benefits will arise overseas. Marston's strength in Germany will help Canning's penetration of that market and facilitate the expansion of both companies in Europe.

On current trading they say the decline in demand experienced by the Canning group in the second half of last year has continued into the current year and prospects for a general upturn in activity later this year are not encouraging.

This will affect the level of profits both for the first half and for the full year. The first half will also reflect the low level of production at the important John Betts subsidiary following fire damage in April. Production only resumed at the end of May but full production should be achieved by October.

Electra in share-swop transaction

In a share exchange transaction worth £1.1m Electra Investment Trust is acquiring an investment in Stadium, a privately-owned UK group which supplies a wide range of car, motorcycle and cycle equipment. It also manufactures and distributes building products and precision plastic mouldings.

Electra will exchange 1,936,396 of its 25p shares for 175,000 convertible participating preference £1 shares in Stadium, bearing a basic dividend of 12 per cent net from January 1 1982.

Electra is actively seeking more deals in well established private companies with pre-tax profits in excess of £300,000.

Stadium, formed in 1929, has factories in Enfield, Ponders End, Ware and Caerphilly, and employs 700 people.

Discussions at J. Finlan puts 9p on share price

Widnes-based builder and developer John Finlan announced yesterday that it was engaged in talks with another party. The shares, which have come up from a low of 88p at the beginning of the year, yesterday gained another 9p to reach their year's high of 167p, at which level Finlan is valued at £6m.

The company, which recently announced a partial recovery in profits for 1980—from £330,976 to £507,977—said that at this point the directors did not regard the discussions "as being any more significant than those that have been held with other parties in the past."

The directors said it was "not possible to predict whether the discussions . . . will lead to anything of significance" in respect of shareholders' interests in the company.

They said they had no direct evidence of any substantial holding in the company other than those disclosed in the annual accounts.

The accounts show that apart from the directors with a 36 per cent shareholding Sinjul Nominees holds 7 per cent and Royal Exchange Trustees Nominees 5 per cent.

Utd. Guarantee stake sold

A 26.86 per cent stake in United Guarantee, the loss making fuel oil and lubricants distributor has changed hands.

Steephill and its associates have disposed of their interest of 1,387,139 shares. This holding has been acquired by an Isle of Man based company, Savings and Investment Bank of Douglas.

The UGH share price gained 2p to 16p on the Stock Exchange yesterday.

STERLING CREDIT WINSTON ESTATES

The offer by Sterling Credit Group to acquire the ordinary shares of Winston Estates has been accepted by holders of 5,625,797 shares (95.4 per cent). The offer has become unconditional and will remain open.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Northern Engineering Industries, the heavy electrical equipment manufacturer, made a 140p per share cash bid for Amalgamated Power Engineering, the diesel engine, turbine and compressor group, valuing the latter at £25.6m. APE described the offer as "unwelcome."

Churchbury Estates launched a reverse takeover bid for Law Land on the basis of 10 new Churchbury shares for every 12 Law Land, but the latter's chairman dismissed the bid as unacceptable. However, the bidder has nearly 9 per cent of the Law Land equity and institutions, controlling just over 30 per cent of Law Land's shares, have indicated support for the bid.

Amalgamated Distilled Products, whose shares were suspended on July 2 at 86p, announced an agreed £3.2m bid for George Morton, an unlisted bottling and distribution company. ADP requested that its shares remain suspended pending a further announcement.

Starwest Investments, the private investment company controlled by Mr Remo Dipre, bought 14.48 per cent of the equity of Braby Leslie at 55p per share on Tuesday from Industrial and Commercial Finance Corporation. Starwest indicated that it might buy further Braby shares in due course, but did not intend to bid for the company.

Dealings in Catalin, the loss-making resin-treated paper manufacturer, were suspended on Thursday after a four-day gain of 18 to 68p, pending an announcement.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Amal. Power	140*	140	109	25.61	Nthn. Eng.	—
Anglo Metrop.	93½	111	101	6.54	First Penn. Mort. Trust	—
Beralt Tin	110*§	106	75	6.31	Charter Cons.	—
Cambridge Pet.	350*	363	280	14.00	Lon. Merchant Secs.	—
Collins (Wm.)	225*	230	180	9.27	News Int.	—
Collins (Wm.) 'A'	163*	160	135	15.77	News Int.	—
Constrctn. Hldgs.	199§	210	193	1.79	Fulcrum Inv. Trust	24/7
G. H. Downing¶¶	238½	236	228	14.38	Steetley	—
Greenbank Trust	154	140	178	1.23	Sturla Hldgs.	—
Hill (Chas.)	125*	127	92	1.46	Consortium	20/7
Hirst & Mallinson	37	32	30	1.91	Assoc. Brit. Eng.	—
Law Land	116§	119½	99	39.65	Churchbury Estate	—
Letraset	104	117	87	44.47	Mills & Allen	—
Myson	68*	64	48††	6.53	Consortium	—
Nathan (B. & I.)	35*	34	34	0.65	Parker Knoll	—
NCC Energy	—	120	135††	—	Simplicity Pattern	—
Paringa	80*	82	72	8.64	Apollo Int. Mines	—
Paringa¶¶	74§§	82	65	7.99	Hampton Areas	25/7
Ruo Estates	58*§	58	58	0.79	E. Produce and Laurie Plnts.	—
Utd. City Merc.	40*	39	29††	14.07	Arab Asian Bank	—
Wight Hldgs.¶¶	30*§	34	30	0.38	Thornwd. Inv.	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 17/7/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Engineering	Mar	468	(149)	3.8	(0.3)	0.5	(0.13)
Allied Colloids	Mar	4,040	(3,250)	5.2	(7.7)	2.73	(2.54)
Allnatt Prop.	Mar	6,730	(5,190)	9.3	(7.1)	4.4	(3.7)
Bristol Post	Mar	1,060	(2,600)	11.0	(23.1)	11.0	(9.75)
Caird Dundee	Mar	23L	(183)L	—	(—)	—	(—)
Carclo Engn.	Mar	718	(2,870)	—	(18.0)	2.6	(5.2)
Cawoods Holdings	Mar	13,520	(13,400)	21.2	(21.2)	3.9	(3.5)
Christie Tyler	Apr	567	(2,090)	13.9	(12.4)	4.0	(6.5)
Daejan Holdings	Mar	3,830	(4,190)	16.6	(17.0)	3.85	(3.5)
Distillers	Mar	181,000	(193,900)	34.4	(39.8)	10.75	(10.75)
Durapipe Intl.	Mar	397L	(806)	—	(6.6)	0.1	(2.6)
Firth (G. M.)	Mar	53L	(116)	16.3	(4.6)	3.0	(3.0)
Fuller Smith	Apr	1,400	(1,640)	43.0	(51.3)	6.3	(5.7)
Graig Shipping	Mar	983	(833)	241.2	(91.2)	25.0	(25.0)
GUS	Mar	178,530	(172,750)	40.6	(38.6)	12.5	(11.6)
Harris (Philip)	Mar	668	(411)	26.6	(14.4)	6.2	(5.5)
Haslemere Ests.	Mar	5,880	(5,374)	16.4	(11.9)	6.0	(5.2)
HAT Group	Feb	4,810	(4,000)	8.8	(6.4)	2.5	(2.0)
Hollis ESA	Mar	4,820L	(329)	—	(6.5)	—	(1.4)
Howden Group	Apr	7,750	(7,510)	17.6	(16.6)	4.0	(3.6)
Illngwrth. Morris	Mar	2,405L	(2,463)L	—	(—)	—	(0.55)
Jones Stroud	Mar	1,310	(2,060)	8.5	(14.2)	5.2	(5.2)
LMI	Mar	3,010	(3,450)	13.4	(17.0)	7.75	(7.75)
LRC Intnl.	Mar	7,030	(6,210)	4.3	(3.8)	2.5	(2.45)
Magnet Southrns.	Mar	22,610	(25,860)	14.3	(15.9)	5.0	(5.0)
Nesco Invs.	Mar	407†	(769)	5.8†	(9.0)	7.6	(6.3)
Peerless	Mar	1,650	(3,530)	10.0	(21.5)	6.3	(—)
Ratners (Jewlrs.)	Apr	2,220	(3,440)	6.1	(10.5)	2.3	(2.3)
RFD Group	Mar	813	(434)L	5.8	(—)	2.8	(2.8)
Rotaprint	Mar	533L	(174)	—	(2.0)	0.1	(1.12)
Rothmans Intl.	Mar	71,200	(80,500)	12.9	(21.1)	3.65	(3.11)
Russell (Alxndr.)	Mar	1,200	(977)	16.8	(13.1)	2.5	(2.0)
Symonds Engn.	Mar	24	(208)	1.2	(0.89)	0.3	(0.79)
Unigate	Mar	38,000	(51,400)	14.6	(19.6)	6.2	(5.7)
Wstrn. Brd. Mills	Mar	1,580	(1,400)	14.7	(13.2)	5.9	(5.3)
Wheelers	Mar	383	(359)	11.7	(12.7)	—	(—)
Wintrust	Mar	1,720	(1,520)	12.5	(9.5)	3.2	(2.92)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Assoc. Newspprs.	Mar	10,780	(12,310)	4.5	(4.5)
Bath & Portland	Apr	1,030	(688)	2.0	(1.0)
Birmid Qualcast	May	1,810L	(4,760)	0.1	(1.5)
Eurotherm	Apr	1,170	(930)	1.5	(1.5)
Gestetner	May	4,380	(10,010)	1.25	(2.5)
Glass Glover	Mar	247	(211)	0.8	(0.05)
Grovebell Group	May	15L	(102)L	—	(—)
Jamesons Chocs.	June	111	(70)	1.0	(1.0)
Ladies Pride	May	351	(580)	1.4	(1.4)
McMullen	Mar	1,070	(982)	0.91	(—)
Rank Organisation	May	36,680	(53,450)	4.8	(4.8)

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated. † Figures for 13 months. L Loss.

Rights Issues

Buckley's Brewery—Is raising £1.1m by way of a rights issue on the basis of one for four at 42p per share.

Gaelic Oil—Is raising £1.5m by way of a rights issue on the basis of two for 15 at 240p per share.

Moss Engineering—Is raising £1.18m by way of a one for three rights issue at 77p per share.

New Court Natural Resources—Is raising £5.3m by way of a rights issue of 13.3m new shares with detachable warrants.

Percy Lane—Is raising £467,000 by way of a rights issue on the basis of one for four at 35p per share.

Scrip Issues

Alexander Russell—One for one.

Offers for sale, placings and introductions

ABI Holdings—Has raised £850,000 by way of a placing of 10 per cent convertible unsecured loan stock on the M. J. H. Nightingale Market.

East Surrey Water Company—Offer for sale by tender of £3m of 10 per cent redeemable preference stock 1986, at a minimum price of £100 per cent.

F and C Enterprise Trust—Is raising £10m by way of an offer for sale of 50m shares at 20p per share.

Industrial Precision Casting—Is coming to the M. J. H. Nightingale Market with an offer of 2,436,876 shares of 10p each at 93p per share.

Pittencrieff Petroleum—Offer for sale of up to 1,449,898 ordinary £1 shares at par.

Sapphire Petroleum—Permission has been granted for dealings under rule 163 (3) following an offer of 15m shares.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	12 %	Grindlays Bank	†12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12½%
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Atlantic Assets rise

Pre-tax revenue of Atlantic Assets Trust improved from £852,000 to £1.05m for the year to June 30 1981 after interest and expenses of £816,000, compared with £753,000.

The net dividend for the year is 1p, against an equivalent of 0.95p after allowing for the one-for-20 scrip, but an extra payment of 1p is also proposed as well as a three-for-one scrip issue.

Tax took £349,000 (£300,000) and after same-again preference dividend payments of £70,000 the available balance for ordinary shareholders came through at £631,000 (£482,000), equal to 2.17p per 25p share (1.66p).

Net asset value per share is given as 326.15p (227.9p) after prior charges at par. The investment in Save and Prosper Group has been valued at £27.50 per share.

Pre-tax revenue of the Independent Investment Company, a subsidiary of Atlantic Assets Trust, amounted to £301,000 for the year to June 30 after interest and expenses of £365,000. Tax took £117,000 and stated earnings per 25p share were 0.52p.

The results for the year to June 30 1980 are not comparable.

GENERAL CONS.

Earnings of General Consolidated Investment Trust improved marginally from £490,740 to £499,994 in the half year to end-June 1981 after tax of £108,490 against £89,195, and tax credits *imputed to franked income of* £174,503, compared with £178,593.

Stated earnings per 25p share edged ahead to 2.68p (2.63p) and *net asset value per share is* given as 160.6p (129.2p).

ARBUTHNOT STERLING

Revenue deficit of Arbuthnot Sterling Fund was little changed at £4,771 for the six months to April 30 1981, compared with £4,702 a year earlier.

Gains realised on the portfolio amounted to £308,626 (£190,207) and the net asset value per share *is ahead at 124.38p against* 116.56p at October 31 1980.

The directors are forecasting a dividend of not less than 0.5p, the same as for the previous year.

TRUSTEES CORP.

Revenue of the Trustees Corporation came out just ahead at £2.72m for the year ended May 31 1981 against £2.69m, after slightly lower tax of £1.17m, compared with £1.23m.

The dividend is increased to 2.95p (2.85p) net per 25p share by a same-again final payment of 1.85p.

Gross income amounted to £4.66m (*£4.61m including* special dividends of £341,989). Earnings per share are given as 3.02p (2.99p)—last time, excluding the dividends they were 2.72p.

Total net assets were £98m (£72.68m) at the year end, or 101.9p (75.9p) per share, after prior charges at par.

Preference dividends take £27,562 (same) and ordinary £2.63m (£2.45m).

FULCRUM OFFER

Fulcrum Investment Trust's offer for Construction Holdings is extended to July 24.

Acceptances have been received in respect of 163,450 shares (17.2 per cent). Fulcrum held 49,000 shares (5.16 per cent) before the offer period.

SPAIN

July 17	Price %	+ or −
Banco Bilbao	327	−5
Banco Central	357	
Banco Exterior	355	−5
Banco Hispano	301	−3
Banco Ind. Cat.	121	
Banco Santander	357	
Banco Urquijo	225	
Banco Vizcaya	355	−4
Banco Zaragoza	235	
Dragados	198	
Espanola Zinc	85	
Fecsa	66	
Gal. Preciados	44.5	−0.5
Hidrola	73.5	
Iberduero	58	
Petroleos	122	+1.
Petroliber	90	
Sogefisa	59	
Telefonica	77.5	+1.5
Union Elect.	69.7	−0.3

Robt. Lowe downturn

Taxable profits of Robert H. Lowe and Company, clothing manufacturer, fell to £132,394 in the 26 weeks to May 1 1981, compared with £303,015 for the corresponding period last year.

The interim dividend is held at 0.665p net—last year a total of 2.722p was paid from pre-tax profits of £718,921 (£423,154).

After six months' tax of *£69,000 (£158,000), the net* surplus came through at £63,394 (£145,015), equal to 1.95p (4.51p) per 25p share.

Turnover for the period slipped from £4.18m to £3.78m.

Receivers appointed at Dee Gee

Mr M. L. Page and Mr J. O. Turner of Peat Marwick Mitchell and Co, Norwich, have been appointed joint receivers and managers of Dee Gee T-Shirts, Norwich. Trading is continuing while the company's position is reviewed. It employs some 40 staff.

Black Arrow profit slips

On turnover down from £6.74m to £6.13m, pre-tax profits of Black Arrow Group were slightly lower in the year to March 31 1981 at £440,265 against £458,993.

Despite the drop in turnover due to the recession, says Mr Arnold Edward, chairman, the group was able to improve its operating margins. There have *been some* encouraging signs in the current year, he adds, and turnover so far is ahead of last year's.

Stated earnings, after tax of *£166,000 (£52,024), fell by 2p to* 4.16p. The dividend total is maintained at 2.5p net with a same-again final of 1.6p.

After an extraordinary credit last year of *£26,000*, the attributable surplus emerges at £274,265 (£432,969), of which dividends absorb a further £165,000 (same).

Current cost *adjustments* reduce the pre-tax figure to £75,000.

Activities of the group include the leasing, wholesale and retail distribution of office furniture and equipment, and wholesale distribution of elctrical appliances.

APPOINTMENTS

Senior European post at ICI

Mr Brian Killner, in addition to his existing responsibilities for ICI's Atlas speciality chemicals business in Europe, has been appointed polyurethanes general manager—Europe, from August 1. To co-ordinate ICI's worldwide polyurethane and isocyanates business and to assist in developing strategies and investment plans; a polyurethanes international steering committee has also been established under the chairmanship of Mr Harry Corless, executive vice-president, ICI Americas. ICI Americas is responsible for ICI's interests in Rubicon Chemicals Inc, a 50-50 joint venture with Uniroyal producing isocyanates and aniline.

★

PHILIP HILL INVESTMENT TRUST states that Viscount Bearsted and Sir Richard Powell have resigned from the board and that Mr Anthony P. Simonian and Mr David R. Stevens have been appointed directors in their place.

★

Mr C. Barker, Mr D. J. L. Godfray and Mr V. G. Ray have been appointed directors of BROWN SHIPLEY INSURANCE SERVICES.

★

Mr B. E. Swannell has been appointed managing director of GEORGE FISCHER CASTINGS and Dr G. Arnold has become a *director*. Mr F. Flubacher has retired from the board. Mr V. Fetsch and Mr P. E. Hart have been made directors of George Fischer Plastics. Mr Hart is also appointed head of administration for the holding company George Fischer (GB).

★

Mr Kenneth Shanks has been appointed president of the BRITISH CERAMICS MANUFACTURERS FEDERATION and *Mr John Bellak* has become vice-president.

★

Mr Jack Strowger has joined the board of WILTMINSTER, the holding company for Hornby Hobbies and H. and M. Systems, as non-executive chairman. He retired from Thorn Electrical Industries in 1979.

★

Mr Frederick G. Rollason has been appointed chairman of ENERGY SERVICES AND ELECTRONICS *from* August 1. He replaces Mr Robin Rigby, who has reached normal retirement age. Mr Rigby has become vice-chairman.

★

Mr A. H. Anderson has resigned from the board of TERRA NOVA INSURANCE COMPANY following his retirement from Aetna Life and Casualty Company. Mr Donald G. Conrad has been appointed a director of Terra Nova. Mr Conrad is executive vice-president of Aetna Life and Casualty Company U.S.

★

Mr J. Ernest Parbury, managing director of J. E. Parbury has been elected the first chairman of the BRITISH STATIONERY AND OFFICE PRODUCTS FEDERATION's management committee. He has also been appointed to lead its board of retailers.

★

Mr N J B Holmes, Mr D N Simmons and Mr P R Gyss have been appointed to the Board of GUINNESS PEAT (OVERSEAS) a subsidiary of Guinness Peat International.

★

Mr David Layzell has been appointed to the newly created post of financial controller/company secretary for the medical division of the HUNTLEIGH GROUP. He was formerly financial director and company secretary at Wolfrace Wheels.

★

E R SQUIBB AND SONS have appointed James Cochrane general manager with responsibility for the day-to-day operation of the company. He also becomes deputy managing director. Since 1979, he has been joint deputy managing director in the UK. Mr Alex Smith, a senior director, has become deputy chairman with special responsibility for export development.

LONDON TRADED OPTIONS

July 17 Total Contracts 1,401. Calls 1,235, Puts 166

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	24	—	40	—	30	—	302p
BP (c)	300	6	30	25	137	36	2	"
BP (c)	320	[illegible]	[illegible]	15	17	27	—	"
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
CU (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	180p
Cons. Gld (c)	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	451p
Court'lds (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	64p
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	728p
Gr'd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	210p
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	268p
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	338p
Mks & Sp (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	131p
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	370p
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Barclays (c)	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	451p
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62p
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	552p
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	92p
P & O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	120p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	410p
Racal (p)	420	17	6	22	—	[illegible]	[illegible]	620p
Racal (p)	550	15	5	40	—	55	—	"
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

New Paths to Maximum Growth

How Sophisticated New Instruments and Industries Can Gear Up Gains

If a recent buildup in deflationary anxiety has been climaxing, as latest weekly Jeffery Letters have insisted, next upturns could engulf everything from precious metals to shares of U.S. microcircuit makers and developers of new computer configurations. With the dollar sliding against rebounding Swiss Francs, Marks and Pounds, American monetary instruments could rally elaborately enough to generate gains in big multiples for futures traders who can carry $100,000 worth of T-Bonds or a $ million in 90-day T-Bills with margin equity of only $2,500 per contract. Options covering issues such as AMDAHL, CONTROL DATA, NATIONAL SEMI CONDUCTOR *and PRIME COMPUTER* offer similar opportunities for gearing up gains, as do low priced London and New York shares representing impending business rebounds (FIRST NATIONAL FINANCE) *and aggressive* development programs. The Jeffery Organization provides research, price-action projections and growth management services across a broad range of volatile industries and markets and detailed weekly *reports are available on an* introductory basis without charge.

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EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	1	28 A	—	—	4	64	$416
GOLD C	$425	20	13	1	31	21	46	"
GOLD C	$450	6	5	10	21	2	37	"
GOLD C	$475	—	—	2	12	—	—	"
GOLD C	$500	—	—	—	—	5	20.50 A	"
GOLD C	$525	10	0.60	5	6	—	—	"
GOLD P	$400	10	8	2	17	—	—	"
GOLD P	$425	10	20	—	—	—	—	"
GOLD P	$450	[illegible]	[illegible]	10	38	—	—	"
ABN C	F.300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.301.50
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.24.70
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.100.50
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
NATN O	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.113.10
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.22.30
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.80
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"

TOTAL VOLUME IN CONTRACTS 9451

A=Asked B=Bid C=Call P=Put

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Last price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
108	100	ABI Hldgs. 10pc CULS	108	—	10.0	9.3	—	—
76	39	Airsprung	66	—	4.7	7.1	10.5	14.5
52	21	Armitage and Rhodes	46	—	1.4	3.0	18.9	43.8
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	100	—	5.5	5.5	5.0	9.4
126	88	Frank Horsell	97xd	−1	6.4	6.6	8.7	21.1
110	39	Frederick Parker	85xd	—	1.7	2.6	28.3	—
119	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	112	—	7.0	6.3	3.5	7.9
130	103	James Burrough	129	—	8.7	6.7	9.4	11.8
334	244	Robert Jenkins	313	−1	31.3	10.0	—	—
59	50	Scruttons "A"	58	—	5.3	9.1	8.9	8.3
224	193	Torday	193	—	15.1	7.8	7.4	12.8
22	8	Twinlock Ord.	15	—	—	—	—	—
90	68	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
56	35	Unilock Holdings	40	—	3.0	7.5	5.2	9.8
103	81	Walter Alexander	99	—	5.7	5.8	5.5	8.7
263	181	W. S. Yeates	246	—	13.1	5.3	4.7	9.5

THE TRING HALL U.S.M. INDEX

123.5 (+0.3)

at close of business 17/7/81

BASE DATE 10/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 523-528 (−4)

Illingworth, Morris & Co. Ltd.

Preliminary Announcement

	Year ended 31st March, 1981 £000s	Comparative Figures previous year £000s
Trading Profit, including Investment Income	1,739	1,908
Less: Bank interest	3,990	3,904
	(2,251)	(1,996)
Reorganisation Expenses	154	467
Loss before Taxation	(2,405)	(2,463)
Taxation relief	639	1,009
Loss after Taxation	(1,766)	(1,454)
Minority Interests	119	53
	(1,885)	(1,507)
Extraordinary items (net of tax)	1,526	1,992
	(3,411)	(3,499)
Dividends	91	305
Transfer from Reserves	(3,502)	(3,804)
Earnings before Extraordinary items per Ordinary and "A" Ordinary Stock Unit	(4.9p)	(4.0p)

The very difficult trading conditions experienced in 1979/80 continued unabated throughout most of 1980/81 and the massive de-stocking by U.K. textile makers-up and retailers created substantial over-capacity problems in the Group's plants. Further mill closures and reduced operations elsewhere cost the Group £1.814m, of which £1.660m is of an extraordinary nature. Profit on disposal of investments amounted to £0.134m.

REDUCED BORROWINGS

Stringent financial control enabled the Group to invest £1.7m in new plant, to absorb the trading losses and to reduce its net borrowings by £5.233m during the year to £19.475m. Stocks were lower by £8.4m, debtors by £1.7m and creditors by £2.6m at the year end.

ENCOURAGING SIGNS

In view of the losses incurred in the year 1980/81, the Directors do not recommend the payment of a dividend on the Ordinary Stocks. However, there has been a decided improvement in the level of activity during the course of the last few months and pre-tax profits for April and May are encouraging.

IM GROUP **The largest wool group of its kind in the world**

The Annual General Meeting will be held on 29th September, 1981 at the Registered Office:
Victoria Road, Saltaire, Shipley, West Yorkshire BD18 3LD

MARTIN CURRIE & CO. C.A.

INVESTMENT TRUST COMPANIES AT 30th JUNE 1981

Total Assets less Current Liabilities £ million	Geographical Spread UK %	North America %	Japan %	Other %		Net Asset Value Prior charges at par p	Share Price p	Gross Yield %	Total Return on NAV (base=100) (Source: Wood Mackenzie & Co) 5yrs.	1 yr
14.8	50	36	9	5	Canadian & Foreign Inv. Tst.	212.4	178	4.5	186.5	131.8
25.4	56	29	10	5	St Andrew Tst.	212.8	160	5.6	188.1	127.6
138.8	49	36	11	4	Scottish Eastern Inv. Tst.	122.5	85	5.5	191.7	138.1
32.4	48	36	12	4	Scottish Ontario Inv. Co.	114.6	83	5.4	176.7	136.1
75.4	51	32	12	5	Securities Trust of Scotland	160.9	110	6.4	188.2	131.5

29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA. TEL 031-225 3811

BOOKS

Thomas the dreamer

BY ANTHONY CURTIS

The Opium-Eater: A Life of Thomas De Quincey
by Grevel Lindop. Dent. £12.00. 433 pages

In 1936 two biographies of De Quincey appeared. One was by an American scholar, Horace A. Eaton. the other by a British man of letters, Edward Sackville West. The latter with the title, *A Flame in Sunlight*, made up in acuteness of insight and elegant writing for the hard grind of scholarly detail possessed in abundance by its American rival. Since then there has been much work done on De Quincey, but no one in this country until Grevel Lindop, a lecturer in English at Manchester University, thought it worth while to embark on another full-scale life of the Opium-Eater.

Clearly it was time to take a fresh look at him in view of the amount of new material that has come to light. Mr Lindop has performed his task with energy and thoroughness. Wisely he does not attempt to emulate the "impassioned prose" of his hero, but writes in a sensible, low-key, detached manner that is never less than readable. He has not produced any really startling revelations, but he does convincingly attribut to De Quincey one or two works whose authorship was previously in doubt. On the whole the familiar picture of the brilliant procrastinating literary man succumbing to the juice of the poppy while still an undergraduate and never thereafter freeing himself from dependence on it, remains in place.

Much of De Quincey's shadowy life does, however, become clearer in this new account. In his voluminous writing, most of which was composed against an imminent deadline, and appeared first in different periodicals, De Quincey drew heavily on his own life and on the lives of eminent contemporaries whom he had known personally, notably Wordsworth and Coleridge. He was not above doctoring his recollections to suit the tone of an article and Mr Lindop puts the record straight on a number of significant points. He is particularly strong on De Quincey's relations with his various editors, publishers, and his creditors who were legion. Mr Lindop gives us a horrifyingly complete picture, lightened only by some episodes of pure farce, of De Quincey's many years on the run when he was continually having to flee from an army of duns and law-officers on the one hand, and editorial messengers, importunate for his copy, on the other. So heavily was he in debt that he was frequently obliged to demand payment in immediate instalments as the article was wrung out of him page by page rather than waiting until it was completed. Unlike previous writers Mr Lindop has had access to the complete file of Blackwood's Magazine to which De Quincey was a prolific contributor during the latter part of his life when he was resident in Edinburgh with his wife and numerous children. The biography gives a new perspective on the state of periodical publising at this period. For a writer of De Quincey's outstanding gifts there was plenty of scope. but you were unlikely to make a fortune even after great industry. The right to reprint *The Confessions of an Opium-Eater* which appeared in the London Magazine in 1821 was sold to its editor Taylor. and although it won for its author immediate notoriety and reputation he did not make anything more out of it until he was an old man and it formed part of a Collected Edition initiated by an American publisher.

Mr Lindop confirms the basic authenticity of the Confessions but he is sceptical of the historical accuracy of some of the detail. Undoubtedly De Quincey did fall into the clutches of moneylenders, who both befriended and exploited him, when he came to London; but what of Ann the young prostitute who bought him something to eat when he was fainting from exhaustion in the streets of Soho? Mr Lindop suggests she may have been a fantasy figure fabricated from memories of his sisters to whom he had been especially close in childhood and whose deaths were the trauma of his life. The same pattern of infant mortality was repeated in Kate Wordsworth, the poet's daughter, a favourite child - friend when De Quincey was living in the Lake District. He also made a friend there of a Junoesque local girl called Margaret (Peggy) Sympson. Dorothy Wordsworth strongly disapproved of the liaison. After a son had been born to the couple, marriage was inevitable.

> This is in truth a melancholy story! [exclaimed Dorothy Wordsworth in a letter to a friend.] He utter'd in raptures of the beauty, the good sense, the 'angelic sweetness' of Miss Sympson, who to all other judgments appeared to be a stupid heavy girl, and was reckoned a Dunce at Grasmere School; and I predict that all these witcheries are ere this removed, and the fireside already dull. . . . As for him I am very sorry for him—he is utterly changed—in appearance, and takes largely of opium.

In fact De Quincey remained devoted to his wife until her death while she for her part put up with the deprivations and indignities of being married to an impecunious freelance writer with amazing fortitude.

As for the account De Quincey gave of his first taste of opium on that famous rainy afternoon in London, thereby setting a precedent for so many other writers and artists, Mr Lindop believes it to be in essence true, but not his claim to have eventually liberated himself from the drug. The biography does not enter into lengthy speculations on the impact of the drug on the writings which has been dealt with already in books like Alethea Hayter's *Opium and the Romantic Imagination*. Mr Lindop suggests that as a writer De Quincey's prime concern was not so much with opium as with dreams. "Opium," he says, "was important to him as an agent of vision only indirectly, in that he believed it produced more dreams and finer ones, than would occur otherwise." True, but he will surely always be identified with the drug about whose power he was so eloquent.

Virginia Woolf put it well when she said that as we read De Quincey,

> . . . there grows upon us a curious sense of intimacy. It is an intimacy with the mind and not with the body; yet we cannot help figuring to ourselves as the rush of eloquence flows, the fragile little body, the fluttering hands, the glowing eyes, the alabaster cheeks, the glass of opium on the table.

It seems unlikely we shall need another biography of him for some time, but what is needed is a collection in one volume of the best of his less accessible essays, chosen and edited by Mr Lindop.


Thomas De Quincey: how much was fabrication ?

Two centuries of industrial activity

BY CHRISTOPHER JOHNSON

Peaceful Conquest: The Industrialisation of Europe. 1760-1970
by Sidney Pollard. Oxford, £17.50 (£7.95 paperback). 451 pages

It was once fashionable to believe that civilisation began in Ancient Egypt, and was diffused outwards to other areas. This "diffusionist" theory has been discarded in the light of more accurate dating of other civilisations, showing that great minds were thinking alike in different places many thousands of years ago.

Professor Pollard, if he will permit the label, is a diffusionist about industrialisation. According to his highly plausible argument, it all started in Britain, in the Industrial Revolution, and spread gradually through the rest of Europe (He does not deal with the United States very much, which he admits to be a weakness in the book.) No doubt the opposite case could be argued; certainly as the 19th Century went on, industrial innovation originated more and more on the Continent, as he points out. But the onus of proof must now be on those who disagree with Professor Pollard about how it all began.

The other, perhaps more original insight of this book is that industrial technology and its spread can best be understood by looking at regions rather than whole nations. Certain regions of the UK had a special combination of natural resources of water, coal or iron ore, surplus working population, and poor agricultural land, which led them to industrialise early; regions with similar characteristics in parts of Belgium, France and Germany were the first to profit from the British example. In view of the limited role played by the State in Britain, it is probably more illuminating to think in terms of regions. Indeed, there is a good case again today for regarding the European Community in terms of regions rather than nations, in view of the continuing wide disparities—usually between North and South—within national economies.

Professor Pollard joins the ranks of the economists who emphasise supply rather than demand with enthusiasm, since he is discussing the factors of production, notably new technology, as the motive force in economic development. In a long-run perspective, he is surely right. His way of thinking would be a valuable contribution to the discussion of how to increase wealth in the so-called developing countries today. Technology transfer ' is a familiar concept, but technology transplant would be more appropriate. Professor Pollard's analysis could help us to understand why imported technology sometimes flourishes and sometimes withers in developing countries with superficially similar characteristics.

The title of the book, *Peaceful Conquest*, is not altogether happily chosen, since one recurrent theme is the profound effect of wars on economic development. In particular, the Napoleonic Wars lengthened Britain's technological lead over the Continent, and sharpened the impact on other countries after 1815. Professor Pollard might have made a similar point about the spread of the dominant U.S. technology around the world after 1945, but was perhaps precluded by his terms of reference from so doing.

The second of the two centuries covered by the book is somewhat less satisfactory than the first, since there is not much unifying theme to compare with the diffusion of British technology which dominates the earlier period. It is none the less packed with interesting economic history. The theme of Britain's relative decline from about 1870 onwards, which has been taken up by other historians, might have made the second half of the book an intellectually, though hardly a nationally, satisfying mirror-image of the first.

Professor Pollard holds the Chair of Economic History at Sheffield, and took a year off in Germany to write this book. It exhibits a Teutonic thoroughness about facts, with about 500 footnotes (mercifully relegated to the end of the book) and a bibliography of about 1,000 words. It is thus somewhat indigestible, but with flashes of intellectual fascination when Professor Pollard stands back and discusses the theoretical framework underlying all his facts. It is in its way as interesting as Adam Smith's classic *Wealth of Nations*. It is perhaps too much to ask that it should have been as readable.

Master's report

BY JANET MORGAN

Experiences Of An Optimist
by John Redcliffe-Maud. Hamish Hamilton. £10.95. 199 pages

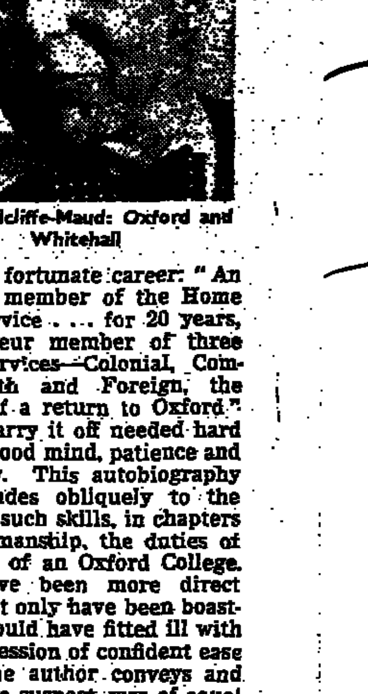
Some years ago a portrait of Lord Redcliffe-Maud was displayed at the Royal Academy's Summer Exhibition by Ruskin Spear. Lord Redcliffe-Maud had been caught, arriving at or departing from the studio, with an engaging smile, a hint of a rumple in his formal morning dress—*almost* faultless but, deliberately, not completely so—and his tall, spare figure elegantly inclined. The effect was very slightly rakish; it was a splendid picture.

Though it is not included in this volume of memoirs, *Experiences of an Optimist*, a reproduction of that portrait would have been the perfect illustration for an autobiography which reveals that John Maud's career was in significant respects very much less conventional than works of reference, or the breathlessly awed note on the dust jacket, might lead us to suspect. His own account shows him chancing upon one surprising job after another, largely by being in the right place at the right moment and through happily imaginative gestures on the part of his mentors and friends. The first don to teach politics at Oxford, he was appointed because University College needed an unmarried Fellow to live in College and act as junior dean. A specialist in questions of local government (his friends called his first book "Sewage Without Tears"), he hit on that subject in a talk with G. D. H. Cole.

In 1939, at the suggestion of the chairman of the governors a friend and colleague, Maud successfully applied for the mastership of Birkbeck College, a part of London University taking evening and part-time students. The outbreak of war and the intervention of William Beveridge, then Master of University College, took him away to the Ministry of Food (and grass soup, nettle cutlets and whale-meat steak for one experimental lunch), and in 1945 to the Ministry of Education, where as Permanent Secretary to Ellen Wilkinson, he was responsible for implementing the 1944 Education Act. There, six years after entering the Civil Service and at the age of 39, was John Maud in the topmost branches of the Whitehall tree.

"By 1952," he writes, "it was high time I left the Education Ministry." His next move was to the Ministry of Fuel and Power, where he stayed until 1958. Some years before, we discover, he had been asked to go to New Delhi as British High Commissioner but, since his wife had at that time been unable to accompany him, "I was let off." Now he took up appointment as British High Commissioner, eventually Ambassador, in South Africa and Governor and eventually High Commissioner, of Basutoland, Swaziland and Bechuanaland Protectorate.

The next transformation came in 1963, when "extraordinary good fortune" brought the Mauds back to University College, this time to the Master's lodgings. The "great luck . . . that I got landed with the subject early on" made him the ideal chairman for three massive enquiries into the management, reform and rules of conduct of local government in England. Then came a life peerage, with Redcliffe, a Christian name, hyphenated to Maud, because, "Forbidden to use 'John' in formal correspondence," he was "reluctant to sign letters with a girl's name."


Lord Redcliffe-Maud: Oxford and Whitehall

It is a fortunate career: "An amateur member of the Home Civil Service . . . for 20 years, an amateur member of three other services—Colonial, Commonwealth and Foreign, the chance of a return to Oxford" . . . to carry it off needed hard work, a good mind, patience and ingenuity. This autobiography only alludes obliquely to the need for such skills, in chapters on chairmanship, the duties of a Master of an Oxford College.

To have been more direct would not only have been boastful; it would have fitted ill with the impression of confident ease which the author conveys and which, we suspect, was of equal importance in shaping and sustaining a career in which he skilfully performed a number of very awkward manoeuvres: devising rationing programmes, battling with the Treasury over the education budget, Suez, working with assorted prima donnas.

So here is a stylish man, who likes acting and entertainment, and yet is as proper as can be. That, alas, is why his book remains a puzzle. It is even-tempered: he loses his coolness only three times (on the attitude of the Foreign Office to UNESCO, the evils of apartheid and the mishmash politicians made of local government reform). It is fluent and easy, immensely courteous and never too intimate. Surely, though, there must have been more rough with the smooth? The printed page has not succeeded in catching Lord Redcliffe-Maud off his guard.

Fiction

London affair

BY ISABEL QUIGLY

One and Last Love
by John Braine. Eyre Methuen, £6.50. 176 pages

Beloved Latitudes
by David Pownall. Victor Gollancz, £6.95. 148 pages

Man on Fire
by A. J. Quinnell. Macmillan, £5.95. 284 pages

John Braine's new novel is a love story. Like many fictional affairs, the one it describes is shown in isolation, free of the responsibilities and realities of the rest of life. Tim and Vivien meet every Thursday in a flat off Shaftesbury Avenue. He has a wife and children in Surrey, she a husband and children in Hampstead. Neither spouse takes part in the other's social, professional or sexual life. So two dismally married middle-aged people find happiness, glory and fulfilment in each other, and their love, though in time and place confined to the Thursday meetings, suffuses the rest of their lives.

Like all Braine's novels, this one is a teasing mixture of the general and the particular, the individual and the universal. It has his usual sort of brand-name realism, with everything named and exactly described. We know the lovers use Crabtree and Evelyn's honey water and wild thyme soap, Tweed talc, Flor Tuberose bath oil, Perrier or Pellegrino, High and Dry gin (nine parts to one of vermouth). Michael Foot strolls into the Gay Hussar while they are lunching and his haircut is discussed; Lady Falkender ditto and ditto the bone structure of her face. And so on and so on.

Like most of Braine's novels, it also teases the reader with an appearance of autobiographical intent. Like Braine, the narrator is a well-known Yorkshire novelist, of working-class Catholic background, exactly Braine's age, with just his status in the literary world, who regards his own experiences, as useable, fictionalisable material, with which to make seemingly authentic accounts of "real" (that is literal, dateable, nameable) events. There is an almost Pirandello-like interweaving of this and (presumably) other realities, not just characters in search of an author but places, happenings, milieus, all pursuing, not so much objective reality, as something solidly and realitically subjective, the author's vision of his own fictions, dressed, as far as possible, as fact. In this case, in a love story.

The couple meet, fail to make contact because Tim is too drunk that particular evening, meet again when Vivien arranges it, fall tenderly in love and fix those idyllic Thursdays in a borrowed flat where, with miraculous tact, the absent owner never turns up. That is about all in the way of action.

There is no conclusion, no change in their marital status or family lives, except that they are now filled with a reflected happiness. A strong sense of joy and of total; gently expressed compatibility comes across; but (dare I say it, these all-confessing days?) Braine's photographic realism seems unsuited to the physical description of such an affair, which is conducted not in the soft focus of the jacket-picture of a beautiful, not-young woman but in a spot-lit blaze that, when we keep being reminded of the lovers' age, is sometimes off-putting and sometimes unintentionally funny.

What is most interesting, as in other Braine novels, is the manipulation of the ordinary, the pattern-making, the collage of fact and fiction, the asides to the reader, the sense of a narrator who may or may not be Braine but does his best to pretend to be. It is as readable as ever and more touching than most.

Beloved Latitudes is set in an African country where a toppled, Amin-like dictator, Male Sebusia, awaits execution with his one-time minister, an Englishman, Neville Tyldsley. Their final days, Sebusia decides, are to be taken up with the justification of his life through the memoirs he will dictate to Neville, and while his gaolers Rotten Teeth and Smelly Feet gawp entranced at the prisoner they still revere, he rattles off his version of events and Nev, faithful companion of ten terrible years, scribbles away. Just what he is writing, the blurb suggests, gives the novel "its entirely unexpected denouement." Alas no. It is all too predictable from page 15 when Seb's dictation starts and one guesses that Nev's biro, not to mention his weary spirit, cannot possibly keep up with the flow of ranting, amusing, self-regarding and no doubt fictionalised memories.

Pownall writes in a strong, elastic, non-realistic way, sometimes seeming to say more than he means or mean more than he says (it isn't always clear which); using myth as a sort of shorthand, allusively. His short book brings the weight of fable to a contemporary setting, and the eeriness of deluding magic to the equally weird world of African politics.

Man on Fire is an up-to-the-minute thriller about Italian kidnapping today, a first novel with lots of technical expertise, a ruthless yet sympathetic hero, and a sensitive touch with human relations — friendships and non-sexual affections in particular. Creasy, ex-Foreign Legionary, ex - mercenary, veteran of Indo-Chinese and African wars and uprisings, originally American, now cosmopolitan and rootless, slowing down, growing flabby, drinking, losing faith, hope and interest in life, gets a job as bodyguard to an eleven-year-old girl in Milan, a rich businessman's daughter. In spite of him she is kidnapped and, when the ransom is paid, found dead and raped in the boot of a car. Creasy's revenge on her killers—from the bored rapists at the bottom of the scale to the Mafia chief at the top—gives the book its action; his restoration to life and self-respect through the child's affection its motive.

A copy of this prospectus, having attached thereto the documents specified in paragraph 5(1), has been delivered to the Registrar of Companies in Edinburgh for registration.
Application has been made to the Council of The Stock Exchange for the whole of the share capital, issued and now being offered, of East of Scotland Onshore Limited ("ESO") to be admitted to the Official List.
This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to ESO. The Directors of ESO have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the ommission of which would make misleading any statement herein, whether of fact or opinion. All the Directors accept responsibility accordingly.
The Application List for the shares offered will open at 10 a.m. on Thursday, 23rd July, 1981 and may close at any time thereafter.

EAST OF SCOTLAND ONSHORE LIMITED

(Registered in Scotland No. 57804 under the Companies Acts 1948 to 1967)

OFFER

of 4,000,000 Ordinary Shares of 25p each at 64p per share payable in full on application

underwritten by

Parsons & Co.

and

Williams de Broë, Hill Chaplin & Co.

Authorised	**Share Capital**	*Issued and to be issued*
£2,600,000	in Ordinary Shares of 25p each	£2,500,003

The Ordinary Shares to be issued will rank in full for all dividends and other distributions hereafter declared, paid or made in respect of the ordinary share capital of ESO.

Directors
HAROLD ALEXANDER WHITSON, C.B.E., (*Chairman*)
Edmonston House,
Biggar,
Lanarkshire ML12 6QY

JAMES ALEXANDER REID FALCONER, C.A.,
9 Glencairn Crescent,
Edinburgh EH12 5BS

JAMES THOMSON WHEELING GRAY,
Largiemeanoch,
Biggar,
Lanarkshire ML12 6HB

WILLIAM THYNE,
10 Ainslie Place,
Edinburgh EH3 6AT

GEORGE JOHN ROMOLO TOD, C.B.E.,
43 Pentland Terrace,
Edinburgh EH10 6HD

DAVID LENNOX SKINNER, C.A.,
(*alternate for J. A. R. Falconer*),
Lathrisk House,
Falkland,
Fife KY7 7HX

Consultants
JOHN ANDERSON
DAVID MORISON DUNLOP

Investment Managers and Secretaries
EAST OF SCOTLAND INVESTMENT MANAGERS LIMITED,
3 Albyn Place,
Edinburgh EH2 4NQ

Solicitors to ESO
DUNDAS & WILSON, C.S.,
25 Charlotte Square,
Edinburgh EH2 4EZ

Solicitors to the OFFER
MACLAY, MURRAY & SPENS,
169 West George Street,
Glasgow G2 2LA

Auditors and Reporting Accountants
ARTHUR YOUNG McCLELLAND MOORES & CO.,
Chartered Accountants,
17 Abercromby Place,
Edinburgh EH3 6LT

Brokers
PARSONS & CO.,
100 West Nile Street,
Glasgow G1 2QU

WILLIAMS de BROË, HILL CHAPLIN & CO.,
Pinners Hall,
Austin Friars,
London EC2P 2HS

Bankers and Receiving Bankers
THE ROYAL BANK OF SCOTLAND LIMITED,
Head Office,
P.O. Box 31,
42 St. Andrew Square,
Edinburgh EH2 2YE

Registered Office
3 Albyn Place,
Edinburgh EH2 4NQ

Registrars and Transfer Office
EAST OF SCOTLAND INVESTMENT MANAGERS LIMITED,
10 Queen's Terrace,
Aberdeen AB9 1QJ

HISTORY AND BUSINESS

ESO was formed in May 1975 to bring together the resources of institutional and other investors in a company to share in the benefits which the Directors believed would flow from investments in companies engaged in providing services or supplies to the oil and gas industry in the North Sea.

The expansion of the oil and gas industry in the United Kingdom in the 1970's has created an increasing demand for the facilities and products offered by companies in the oil service industry, and the award of the seventh and subsequent rounds of licences should encourage the continued growth of existing service companies, irrespective of short term market fluctuations in the oil and gas industry. At the same time, the range of services and supplies required to support exploration, development, production, transportation and refining of oil and gas is such that the Directors believe there is still scope for companies to establish themselves or diversify within this market.

The Directors have pursued a policy of supporting companies in different sectors of the oil service industry, in particular companies which appeared to have above average prospects of growth. While many of the initial investments of ESO were in companies at an early stage of their development, some of them have since become established as leaders in their respective fields.

The experience which has been gained from operating in the difficult conditions of the North Sea has enabled certain companies in the oil service industry to compete effectively for contracts elsewhere in the world. The international competitiveness of United Kingdom companies has also been enhanced by the considerable advances in technology which have been made in the last decade. Some of the new technology has applications in other industrial markets.

The Directors consider that the expansion of the oil service industry in the United Kingdom will continue and that there will be further good opportunities to invest in this field both in the United Kingdom and overseas. ESO, through the contacts and expertise that it has built up over the last six years, is well placed to take advantage of these opportunities.

This offer will enable the public to participate in the growth of the oil service industry through an established investment company.

INVESTMENT POLICY

The policy of the Directors is to continue to invest in different sectors of the oil service industry. Investments will be made principally in unlisted companies which are already trading and require long term capital. Participations may, however, be taken in new enterprises which appear to have above average prospects of growth. The main criteria by which investment propositions will be judged will be strong and experienced management and a favourable assessment of the products or services supplied by the company concerned.

It is the policy of the Directors, other than in exceptional circumstances, to restrict investment in any one company to 10 per cent. of ESO's gross investment fund at the time of investment, and in no circumstances will any single investment exceed 15 per cent. of such fund at the time such investment is made. These restrictions comply with certain of the requirements necessary for the achievement by ESO of Investment Trust status for tax purposes and with The Stock Exchange's requirement that no investment be made which, when aggregated with existing holdings in the company or group concerned, would represent more than 20 per cent. of the gross investment fund at the time the investment is made.

ESO does not take participations with voting control or become involved in the day to day management of the underlying companies. It may, however, require certain protective rights to safeguard its investments and to monitor their progress, and in most cases it seeks the right to appoint its own nominee to the boards of directors. As ESO proposes to continue to pay dividends, many of the investments will take the form of securities with preferential rights to dividends.

The Directors intend to adhere to the investment policy described in this section for a period of not less than 3 years from the time of first admission of ESO's shares to the Official List.

VALUATION OF INVESTMENTS

Information on the underlying investments is shown in Appendix 1.

The following table lists ESO's present investments and shows the Directors' valuation of the investments as at 25th June, 1981, the latest practicable date before publication of this document. The valuation and cost figures are rounded to the nearest £100.

Holdings representing in each case 5 per cent. or more of the Net Asset Value of ESO at 25th June, 1981	Equity £	Preference £	Loan £	Total Valuation £	Cost £
Aggreko (U.K.) Limited	179,700	—	128,600	308,300	308,300
Drilling Tools Holdings Limited	433,400	—	—	433,400	198,800
Hydrasun (Aberdeen) Limited	272,400	81,000	—	353,400	123,700
Oilfield Inspection Services Group Limited	1,676,700	—	79,900	1,756,600	295,700
OSEL Offshore Systems Engineering Limited	857,300	37,700	48,400	943,400	190,000
	3,419,500	118,700	256,900	3,795,100	1,116,500
Other holdings					
Carlyle Wishart and Company Limited	24,000	—	67,200	91,200	93,700
Comap Project Management Services Limited	—	—	75,000	75,000	100,500
MacLean & Speirs Limited	61,600	—	—	61,600	130,300
A. H. McIntosh & Company Limited	39,600	—	—	39,600	39,600
Nessco Electronics (Aberdeen) Limited	64,400	—	40,000	104,400	104,400
Oilfield Inspection Services (Australia) Pty. Limited	19,400	—	—	19,400	19,400
Seacater Limited	—	—	—	—	103,800
Structural Monitoring Limited	24,600	36,100	—	60,700	80,600
	3,653,100	154,800	439,100	4,247,000	1,788,800

In the opinion of the Directors, these valuations are fair and reasonable having regard to all the information available to them. The Directors have given due consideration to the factors which they consider appropriate in each case including:—

(a) historic growth rate and potential for future growth;
(b) the conditions and risks involved in the sector of the oil service industry in which each company operates;
(c) all financial and management information available to them;
(d) in the case of Oilfield Inspection Services Group Limited, its stated intention to make an application for admission of its shares to The Unlisted Securities Market later this year.

NET ASSET VALUE OF ESO

The total net assets of ESO at 25th June, 1981 based on audited accounts made up to that date were as follows:—

	£
Investments at Directors' Valuation	4,247,000
Net Current Assets	287,951
	4,534,951
Deferred Tax	138,048
Total Net Assets	4,396,903
Net Asset Value per Ordinary Share based on 6,000,012 Ordinary Shares	73.3p

DIRECTORS, MANAGERS AND CONSULTANTS

1. Directors

H. A. WHITSON, C.B.E., Chairman, (64) is Chairman of MDW (Holdings) Limited. He is also a Director of The Scottish Mutual Assurance Society, Ailsa Investment Trust Limited and Alva Investment Trust Limited.

J. A. R. FALCONER, C.A. (61) is senior partner of Martin, Currie & Co., C.A., Investment Managers and a director of The Scottish Eastern Investment Trust Limited, The Life Association of Scotland Limited and several other companies.

J. T. W. GRAY (47) is a partner in Parsons & Co., Stockbrokers.

W. THYNE (44) is Managing Director of Almond Engineering Limited, a private company specialising in tool making and light engineering. He is also a Director of East of Scotland Industrial Investments Limited.

G. J. R. TOD, C.B.E. (66) was formerly Chief Representative and General Manager in South East Arabia of Iraq Petroleum Associated Companies, comprising Qatar Petroleum Company, Abu Dhabi Petroleum Company, Petroleum Development Bahrain, Petroleum Development Oman and Petroleum Development Hadhramut, and General Manager of Fields and Pipelines Iraq for Iraq Petroleum Company Limited.

D. L. SKINNER, C.A. (48), a partner in Martin, Currie & Co., C.A., Investment Managers, is the alternate for J. A. R. Falconer.

All the Directors are non-executive and have been Directors since 1975.

2. Managers

ESO's investment managers are East of Scotland Investment Managers Limited ("ESIM"). The services provided by ESIM include day-to-day management advice, and secretarial and accounting services. ESIM is a private company whose issued capital is owned equally by Chiene & Tait C.A., Edinburgh, and Brander & Cruickshank W.S., Advocates, Aberdeen. ESIM also provides investment management services for three listed Investment Trusts, Aberdeen Trust Limited, The Dominion and General Trust Limited and The Pentland Investment Trust Limited, and for two unlisted companies, East of Scotland Industrial Investments Limited and East of Scotland Resources Limited. Total funds managed by ESIM exceed £120m.

ESIM receives a fee of £25,000 per annum (subject to annual review) exclusive of VAT, in terms of a management agreement with ESO (Material Contract 3(b)). The agreement is terminable on three years' notice by either party.

3. Consultants

ESO has available the services of two consultants:—

J. ANDERSON (63) worked for many years as a refinery engineer with British Petroleum Limited and Iraq Petroleum Company Limited. During this period he was seconded to Lloyds Registry of Shipping to carry out survey work on major construction projects. Latterly he was head of transportation services for Iraq Petroleum Company Limited.

D. M. DUNLOP (67) was formerly Drilling Superintendent of Mosul Petroleum and Iraq Petroleum Company Limited. In the past eighteen years he has carried out short term drilling consultancy assignments for Iraq Petroleum Company Limited and The Rio Tinto-Zinc Corporation Limited.

The main role of the consultants is to evaluate the products and markets of companies in which ESO is considering investment. In certain cases they may also be asked to report on the progress of investments. Each of the consultants receives a fee from ESO in terms of a contract between him and ESO dated 12th June, 1975.

Chiene & Tait C.A. are from time to time commissioned by the Directors to carry out investigations into the financial affairs of companies in which investments have been agreed in principle. Chiene & Tait receive fees for such investigations at normal professional rates.

TAXATION

Application has been made to the Inland Revenue for ESO to be approved provisionally as an Investment Trust under Section 359 of the Income and Corporation Taxes Act 1970 (as amended). ESO would be exempt from tax on chargeable capital gains realised during any accounting period for which such approval were granted, but the application is under consideration by the Inland Revenue, and Investment Trust status is uncertain. For this reason full provision has been made in the latest audited accounts for tax on foreseeable disposals (see Appendix II and Note 1 (c)). Should Investment Trust status be granted in respect of the current or subsequent accounting periods, this provision may not be required.

ACCOUNTS

ESO has changed its accounting reference date from 31st January to 31st May so that its audited accounts may incorporate more up-to-date information on underlying investments. The next statutory accounts will accordingly be for the sixteen months ending 31st May, 1982, but for the purposes of this prospectus interim audited accounts have been prepared for the period from 1st February to 25th June, 1981.

The Accountants' Report contained in Appendix II includes figures for the period from 1st February to 25th June, 1981. Owing to the fact that during this period ESO received only a small proportion of its income from investments, and that such income is treated on a cash basis, the income figures for this period set out in the Revenue Accounts are not an accurate reflection of the total income which ESO expects to receive in a full year.

DIVIDEND POLICY

ESO's income will be derived mainly from shares and securities, some of which have preferred rights to dividends. The policy of the Directors is to continue to pay dividends in line with profits.

In order that ESO does not disqualify itself from obtaining Investment Trust status for tax purposes, ESO will not retain more than fifteen per cent. of income derived from shares and securities, though this policy is subject to alteration for any accounting period in respect of which, in the opinion of the Directors, Investment Trust status may be unavailable on other grounds or may be of little or no advantage. ESO will not distribute by way of dividend either surplus funds arising from the realisation of its investments or profits retained by its associated companies.

The Directors intend that in future periods an interim dividend will be paid in February, and a final dividend in October. An interim dividend in respect of the current period will be paid in December 1981.

RISK FACTORS

Many of the companies in which ESO invests are exposed not only to changes in technology and to competition but also to political uncertainty. While ESO intends to maintain a spread of investments, potential investors ought to be aware of the risk factors affecting companies in the oil service industry.

APPENDIX 1

Except where otherwise indicated, the historical financial information contained in this Appendix is taken from audited accounts of the company concerned.

PART A
Information on investments each representing 5 per cent. or more of the Net Asset Value of ESO at 25th June, 1981.

AGGREKO (U.K.) LIMITED

1. Introduction

The Aggreko Group manufactures and sells generator sets and operates one of the largest generator hire fleets in Europe, which is utilised primarily by the oil industry. It has manufacturing facilities in the U.K. and The Netherlands and bases for the hire fleet in the U.K., The Netherlands and Norway.

Aggreko (U.K.) Limited was recently formed to acquire Aggreko Generators Limited, based at Dumbarton, Scotland and businesses trading under the names of "Aggreko" and "Genko" in The Netherlands and Norway. No accounts of Aggreko (U.K.) Limited have been prepared, although the combined group is expected to have a turnover for the year ended 31st March, 1982 in excess of £5m, and to produce a satisfactory profit.

2. Share Capital and Summary of Share Rights

In May 1981 425,000 Ordinary Shares of 90p each and 425,000 Deferred Ordinary Shares of 10p each of Aggreko (U.K.) Limited were issued in exchange for shares in Aggreko Generators Limited and 75,000 Preferred Ordinary shares of £1 each of Aggreko (U.K.) Limited were issued for a cash consideration of £400,000.

The issued Share Capital of Aggreko (U.K.) Limited is:—	
425,000 Ordinary Shares of 90p each	£382,500
425,000 Deferred Ordinary Shares of 10p each	42,500
75,000 Preferred Ordinary Shares of £1 each	75,000
	£500,000

ESO's investment in Aggreko (U.K.) Limited comprises:—	*Percentage of Class Held*	*Date of Acquisition*
32,143 Preferred Ordinary Shares of £1 each	42.9%	May 1981
£128,571 10 per cent. Unsecured Loan repayable 1991	—	May 1981

Summary of Share Rights:—

Income: The holders of the Preferred Ordinary Shares are entitled to a fixed cumulative preferential dividend of 46.7p per share, payable half yearly in arrear on 1st April and 1st October, and a further cumulative preferential dividend of 4p per share for each complete £200,000 by which net profits (as defined) exceed £1m. After certain dividend payments to the holders of the Ordinary and/or Deferred Ordinary Shares the holders of the Preferred Ordinary Shares have a further right to participation.

Capital: On a return of assets, surplus assets applied:—

(a) first in paying to the holders of the Preferred Ordinary Shares arrears and accruals of both preferential dividends calculated down to the date of return.

(b) secondly in payment to the holders of the Preferred Ordinary Shares and the Ordinary Shares *pari passu* as if the same constituted one class of share until £2.7m. in total is distributed.

(c) thirdly in payment to the holders of the Preferred Ordinary Shares and the Deferred Ordinary Shares *pari passu* as if the same constituted one class of share.

Voting: Until 31st March, 1986 the holders of the Preferred Ordinary and the Ordinary Shares have one vote per share.
After 31st March, 1986 the holders of the Preferred Ordinary and Deferred Ordinary Shares have one vote per share.

Class Rights: The holders of the Preferred Ordinary Shares have usual class rights, the right to appoint a Director and limitation on transfer of control.

3. Valuation

As ESO has only recently invested in Aggreko (U.K.) Limited, the Directors consider that the combined investment of loan and equity capital is fairly stated at cost.

DRILLING TOOLS HOLDINGS LIMITED

1. Introduction

Drilling Tools North Sea Limited ("D.T.N.S."), the principal operating subsidiary of Drilling Tools Holdings Limited ("D.T.H.") rents drilling equipment, mainly for use in the North Sea. D.T.N.S. also repairs and refurbishes drilling tools and equipment. D.T.N.S. has a 75 per cent. holding in Gall Thomson Maritime Limited, which has developed a breakaway safety coupling for use in flexible pipelines. This coupling is designed to reduce oil spillage from broken lines and consequently lessen the risk of pollution.

D.T.N.S. has experienced considerable growth in its rental business in terms of both turnover and profits since it commenced trading in 1973. The prospects for the rental of drilling equipment are most encouraging following the award of the seventh round of licences. The outlook for safety couplings is also good.

2. Share Capital

The issued Share Capital of D.T.H. is:—

219,163 Ordinary Shares of £1 each	£219,163

ESO's investment in D.T.H. comprises:—	Percentage of Class Held	Date of Acquisition
28,000 Ordinary Shares of £1 each	12.8%	July 1980

3. Summary of Profit and Loss Account

	Year Ended 31st March, 1979 D.T.N.S. £	Year Ended 31st March, 1980 D.T.N.S. £	Period to 31st March, 1981 (see Note (i) below) D.T.H. £
Turnover	£1,415,637	£1,456,490	1,604,328
Pre-tax Profit	342,212	266,225	424,172
Taxation	175,870	140,546	234,834
	166,342	125,679	189,338
Extraordinary item	20,000	20,174	20,000
	146,342	105,505	169,338
Dividends	37,361	27,446	98,623
Profit retained	108,981	78,059	70,715

Notes:—

(i) As D.T.H. did not acquire D.T.N.S. until 25th June, 1980, the financial figures for D.T.H. reflect the results of D.T.N.S. for the nine month period to 31st March, 1981 only. The Chairman of D.T.H. has stated that the results of D.T.N.S. for the year to 31st March, 1981 showed a pre-tax profit of some £760,000 and profits available for distribution of £357,000.

	£	£	£
(ii) Taxation comprises:—			
Corporation Tax	125,790	117,564	87,113
Deferred Taxation	53,498	25,506	147,736
	179,288	143,070	234,849
Prior year adjustments	(3,418)	(2,524)	(15)
	175,870	140,546	234,834
(iii) Dividends:—			
"A" Ordinary Shares (D.T.N.S.)	13,076	9,606	—
"B" Ordinary Shares (D.T.N.S.)	24,285	17,840	—
Ordinary shares (D.T.H.)	—	—	98,623
	37,361	27,446	98,623

4. Capital employed at 31st March, 1981

Share Capital	£219,163
Reserves	1,382,098
	£1,601,261

5. Valuation

The earnings and net assets attributable to ESO's holding of 28,000 Ordinary Shares, based on the 1981 accounts, are:—

Earnings before extraordinary item	£24,190
Net Assets	£204,575

At the valuation of £433,400 placed on this holding the price earnings multiple based on the above earnings is 17.9 and the gross dividend yield is 4.2 per cent., with the dividend covered 1.7 times. On the basis of Note (i) above the price earnings multiple would be approximately 9.5.

HYDRASUN (ABERDEEN) LIMITED

1. Introduction

Hydrasun (Aberdeen) Limited ("Hydrasun") is based in Aberdeen and is one of the major suppliers of specialised fittings and pipe hose to the oil industry in the northern sector of the North Sea. Its main customers are diving companies and oil companies.

Hydrasun has prospered since its incorporation in March 1976, with turnover increasing from £480,000 in its first year to over £2m. for the year ended 31st March, 1981. Pre-tax profits have increased from £56,000 to £295,000 over the same period.

2. Share Capital and Summary of Share Rights

The issued Share Capital of Hydrasun is:—

3,000 Ordinary Shares of £1 each	£3,000
100,000 8 per cent. Cumulative Redeemable Preference Shares of £1 each	100,000
	£103,000

ESO's investment in Hydrasun comprises:—	Percentage of Class Held	Date of Acquisition
600 Ordinary Shares of £1 each	20%	June 1978
100,000 8 per cent. Cumulative Redeemable Preference Shares of £1 each	100%	June 1978

Summary of Preference Share Rights

Income: Fixed cumulative preferential dividend of 8 per cent., per annum payable half yearly in arrear on 6th April and 6th October.

Capital: On a return of assets, preferential right to capital paid up plus arrears of dividend up to date of return.

Redemption: On 31st March, 1985 at par, or earlier at instance of Hydrasun in which event redemption is provided for at £1.10p per share.

Voting: No rights unless dividend more than 6 months in arrear, or failure to redeem all preference shares before 30th September, 1985 or a resolution is proposed to wind-up Hydrasun or alter the class rights of the Preference Shares.

Class Rights: Usual class rights.

3. Summary of Profit and Loss Accounts

	Year Ended 31st March, 1979 £	1980 £	1981 £
Turnover	1,321,285	1,583,694	2,122,984
Pre-tax Profit	186,277	161,104	294,979
Taxation	102,000	84,300	(156,588)
	84,277	76,804	451,567
Extraordinary item	—	20,000	—
	84,277	56,804	451,567
Dividends	10,887	12,410	20,000
Profit retained	73,390	44,394	431,567

Notes:—

(i) Taxation comprises:—			
Corporation Tax	—	12,300	94,600
Deferred Taxation	101,574	70,637	8,093
	101,574	82,937	102,693
Prior year adjustment (1981—stock relief released)	426	1,363	(259,281)
	102,000	84,300	(156,588)
(ii) Dividends:—			
Ordinary Shares	4,410	4,410	12,000
Preference Shares	6,477	8,000	8,000
	10,887	12,410	20,000

4. Capital Employed at 31st March, 1981

Share Capital	£103,000
Capital Redemption Reserve	41,136
Revenue Reserves	601,514
	£745,650

5. Valuation

The earnings and net assets attributable to ESO's holding of 600 Ordinary Shares, based on the 1981 accounts, are:—

Earnings (ignoring prior year tax adjustment)	£36,857
Net Assets	£129,130

At the valuation of £272,400 placed on this holding the price earnings multiple based on the above earnings is 7.4 and the gross dividend yield is 1.3 per cent., with the dividend covered 15.3 times.

OILFIELD INSPECTION SERVICES GROUP LIMITED

1. Introduction

Oilfield Inspection Services Limited, the principal operating subsidiary of Oilfield Inspection Services Group Limited ("O.I.S."), is a leading inspection company in the North Sea. The services provided by it are wide-ranging and include pipeline inspection, heat treatment, mechanical testing and metallurgical services. O.I.S. has a continuing commitment to research and development.

The group operates from bases in Aberdeen and Great Yarmouth and it has overseas interests in Abu Dhabi, Australia, Singapore and the United States of America.

The board of O.I.S. has proposed that an application should be made for the shares of O.I.S. to be admitted to The Unlisted Securities Market later this year. ESO has indicated that in principle it is prepared to sell up to 56,304 shares in O.I.S. at the time such application is made.

The record of the O.I.S. Group's results since it commenced trading is:—

	1973 £(000)	1974 £(000)	1975 £(000)	1976 £(000)	1977 £(000)	1978 £(000)	1979 £(000)	1980 £(000)
Turnover	178	361	873	1,770	2,745	3,898	4,229	8,135
Pre-tax Profit/(Loss)	20	36	120	187	338	412	(195)	786

2. Share Capital and Summary of Share Rights

The issued Share Capital of O.I.S. is:—

300,000 Ordinary Shares of £1 each	£300,000
340,000 Preferred Ordinary Shares of £1 each	340,000
	£640,000

ESO's investment in O.I.S. comprises:—	Percentage of Class Held	Date of Acquisition
16,304 Ordinary Shares of £1 each	5.4%	May 1976
170,000 Preferred Ordinary Shares of £1 each	50.0%	July 1977
£100,000 13 per cent. Unsecured Loan Stock 1985	—	July 1977

ESO has guaranteed up to £200,000 of the borrowings of O.I.S. (Material Contract 3(e)).

Summary of Share Rights:—

Income: (a) first in paying to the holders of the Preferred Ordinary Shares a fixed cumulative preferential dividend of 6p per annum per £1 of capital paid up, payable half yearly in arrear on 1st January and 1st July;
(b) secondly the balance of profits distributed shall be distributed to the holders of the Ordinary Shares and the Preferred Ordinary Shares *pari passu* as if the same constituted one class of share.

Capital: On a return of assets, surplus assets applied:—
(a) first in paying to the holders of the Preferred Ordinary Shares the amount paid up on such shares plus any arrears and accruals of the fixed cumulative dividend calculated down to date of return;
(b) secondly in paying to the holders of the Ordinary Shares the amount paid up on such shares;
(c) balance *pari passu*.

Conversion: On 31st December, 1982 each Preferred Ordinary Share is automatically converted into one Ordinary Share ranking *pari passu* with existing Ordinary Shares. ESO has indicated in principle that it will consent to the conversion of its Preferred Ordinary Shares into Ordinary Shares later this year to facilitate the admission of the shares of O.I.S. to The Unlisted Securities Market.

Voting: One vote per Ordinary Share.
One vote per Preferred Ordinary Share only if the preferential dividend has not been paid within 1 month of its becoming due.

Class Rights: Usual class rights and the holders of the majority of the Preferred Ordinary Shares have the right to appoint two Directors.

3. Summary of Profit and Loss Accounts

	Year Ended 31st December, 1978 £	1979 £	1980 £
Turnover	3,897,907	4,229,362	8,136,236
Pre-tax Profit/(Loss)	412,053	(194,735)	786,351
Taxation	227,824	(133,919)	415,971
	184,229	(60,816)	370,380
Minority Interest	—	(3,099)	(14,771)
	184,229	(57,717)	385,151
Dividends	20,400	20,400	33,200
Profit retained/(Loss)	163,829	(78,117)	351,951

Notes:—

(i) The figures for 1979 have been restated on the basis of the comparative figures used in O.I.S.'s 1980 accounts following the changed policy on deferred taxation under S.S.A.P. 15.

(ii) Taxation comprises:—			
Corporation Tax	207,229	(134,746)	378,003
Deferred Taxation	22,795	—	—
	230,024	(134,746)	378,003
Prior year adjustments	(2,200)	827	37,968
	227,824	(133,919)	415,971
(iii) Dividends:—			
Preferred Ordinary Shares	20,400	20,400	27,200
Ordinary Shares	—	—	6,000
	20,400	20,400	33,200

4. Capital Employed at 31st December, 1980

Share Capital	£640,000
Reserves	370,580
	£1,010,580

5. Valuation

The earnings and net assets attributable to ESO's combined holdings of 16,304 Ordinary Shares and 170,000 Preferred Ordinary Shares, based on the 1980 accounts, are:—

Earnings	£112,117
Net Assets	£294,180

At the valuation of £1,676,700 placed on these holdings, the price earnings multiple based on the above earnings is 15 and the gross dividend yield is 1.2 per cent., with the dividend covered 11.6 times.

OSEL OFFSHORE SYSTEMS ENGINEERING LIMITED

1. Introduction

The OSEL Group was formed in the early seventies by its present senior management as a technology-based company committed to the offshore industry.

The product range has progressed from survey sonars and hydrographic winches to manned submersibles and remotely operated vehicles.

OSEL has a major share of the market for manned submersibles and is consolidating its position by investing in stock and spares vital for the support of customers' operations.

The Group is committed to development, mainly of underwater systems such as non-destructive testing apparatus, inspection cameras, advanced technology manipulators, cutting and welding systems for use in manipulators, new submersibles and remotely operated vehicles.

In addition, there are three major projects intended to secure future markets. These are the Hawk, a 6,000 feet depth submersible, a remote control option for the Mantis submersible, and a radically different manipulator.

2. Share Capital and Summary of Share Rights

The issued Share Capital of OSEL is:—

32,345 Ordinary Shares of £1 each	£32,345
100,000 9½ per cent. Cumulative Redeemable Preference Shares of £1 each	100,000
	£132,345

ESO's investment in OSEL comprises:—	Percentage of Class Held	Date of Acquisition
6,900 Ordinary Shares of £1 each	24.4%	December 1978
1,011 Ordinary Shares of £1 each		March 1981
50,000 9½ per cent. Cumulative Redeemable Preference Shares of £1 each	50.0%	December 1978
£57,000 14½ per cent. Unsecured Loan Stock 1985	—	December 1978

Summary of Preference Share Rights:—

Income: Fixed cumulative preferential dividend of 9½ per cent. per annum payable half yearly in arrear on 30th June and 31st December;

Capital: On a return of assets, preferential right to capital paid up plus arrears of dividend up to date of return;

Redemption: 1st January, 1989 at par;

Voting: No rights unless preference dividend is one month in arrears or the shares are not redeemed on 1st January, 1989;

Class Rights: Usual class rights;

Other Rights: ESO, so long as it holds any Ordinary Share, has the right to appoint a Director.

3. Summary of Profit and Loss Accounts

	Year Ended 31st December, 1978 £	1979 £	1980 £
Turnover	990,237	1,277,877	2,233,587
Pre-tax Profit	3,974	80,316	378,873
Taxation	(17,468)	16,425	(37,160)
	21,442	63,891	416,033
Minority Interest	1,040	9,525	—
	20,402	54,366	416,033
Extraordinary item	—	34,524	—
	20,402	19,842	416,033
Dividends	833	9,500	25,645
Profit retained	19,569	10,342	390,388

Notes:—

(i) Taxation comprises:—			
Corporation Tax	—	3,615	(3,615)
Deferred Taxation	(11,931)	31,672	(33,545)
	(11,931)	35,287	(37,160)
Prior year adjustments	(5,537)	(18,862)	—
	(17,468)	16,425	(37,160)
(ii) Dividends:—			
9½ per cent. Cumulative Redeemable Preference Shares	833	9,500	9,500
Ordinary Shares (excluding £16,200 waived (1980))	—	—	16,145
	833	9,500	25,645

4. Capital Employed at 31st December, 1980

Share Capital	£132,345
Share Premium Account	11,436
Capital Redemption Reserve Fund	20,000
Revenue Reserves	445,146
	£608,927

5. Valuation

The earnings and net assets attributable to ESO's holding of 7,911 Ordinary Shares, based on the 1980 accounts, are:—

Earnings	£99,430
Net Assets	£124,474

At the valuation of £857,300 placed on this holding, the price earnings multiple based on the above earnings is 8.6 and the gross dividend yield is 1.3 per cent., with the dividend covered 12.6 times.

PART B

Information on investments each representing less than 5 per cent. of the Net Asset Value of ESO at 25th June, 1981.

References to "Income received by ESO" are to income received in the year to 31st January, 1981.

CARLYLE WISHART AND COMPANY LIMITED

1. Introduction

Carlyle Wishart and Company Limited designs and supplies sleeping quarters and washrooms for offshore platforms. It is also a major supplier of Dexion shelving and storage equipment in Scotland.

2. Financial Information

	Year ended 31st March, 1980 £	1981 (unaudited) £
Turnover	752,402	1,074,166
Pre-tax Profit	10,105	58,798
Capital employed at 31st March, 1981 (unaudited)		
Share Capital—Ordinary Shares of £1 each		£7,000
Revenue Reserve		140,476
		£147,476

3. ESO Investment made in December 1979

	Percentage of Class Held
1,400 Ordinary Shares of £1 each	20%
£80,000 15 per cent. Unsecured Loan repayable 1986	—

4. Summary of ESO's Ordinary Share Rights

So long as ESO holds any Ordinary Shares, these are deemed to form a separate class to which the usual class rights attach and ESO has the right to appoint a Director.

5. Income received by ESO

	Gross
Ordinary Shares	Nil
Unsecured Loan	£12,493

COMAP PROJECT MANAGEMENT SERVICES LIMITED

1. Introduction

Comap Project Management Services Limited ("Comap") was formed in May 1979 to provide geophysical and geological surveys, primarily for the oil industry. It provides services of this nature in the United Kingdom and overseas.

Comap made a loss of £40,395 in the first financial period, but it secured a major long-term contract in Nigeria in November 1980 and now appears profitable.

2. Financial Information

	15 months to 31st July, 1980 £	10 months to 31st May, 1981 (unaudited) £
Turnover	173,548	449,814
Pre-tax Profit/(Loss)	(40,395)	63,021
Capital employed at 31st May, 1981 (unaudited)		
Share Capital—Cumulative Participating Preferred Ordinary Shares of £1 each		£20
—Ordinary Shares of £1 each		75
Reserves		22,626
		£22,721

3. ESO Investment made in 1979 and 1980

	Percentage of Class Held
20 Cumulative Participating Preferred Ordinary Shares of £1 each	100%
£100,000 Secured loans	—

4. Summary of Preferred Ordinary Share Rights

Income: After paying to the holders of the Preferred Ordinary Shares a cumulative preferential dividend of up to 5 per cent. of the pre-tax profits (dependent on the amount of such profits) the Preferred Ordinary and Ordinary Shares rank *pari passu*.

Capital: On a return of assets, surplus applied *pari passu* between Preferred Ordinary and Ordinary Shares after payment first of amount paid up and unpaid dividends on Preferred Ordinary Shares and secondly of amount paid up on Ordinary Shares.

Voting: One vote per Preferred Ordinary Share upon a poll unless the fixed dividend is not paid in full within a prescribed time limit, in which event five votes on a poll for each Preferred Ordinary Share held.

Class Rights: Usual class rights.

Other Rights: *ESO, so long as it holds any share, has the right to appoint a Director.

5. Income received by ESO

ESO received no income in respect of this investment.

MACLEAN & SPEIRS LIMITED*

1. Introduction

MacLean & Speirs Limited ("MacLean & Speirs") has been established as a painting contractor for many years. It has expanded its business to include the application of coatings to pipes and structures for the oil and gas industry.

In the year to 31st December, 1980 MacLean & Speirs suffered from a reduced order book and lower margins as a result of very competitive markets. Although there has been an upturn in orders, margins remain low.

2. Financial Information

On the basis of unaudited management accounts for the year ended 31st December, 1980, MacLean & Speirs expects to incur a pre-tax loss of £190,000 on a turnover of £2.1m.

The issued Share Capital is:—

Ordinary Shares of £1 each	£160,000
Cumulative Convertible Participating Preferred Ordinary Shares of £1 each	40,000
	£200,000

3. ESO Investment made in December 1980

	Percentage of Class Held
40,000 Cumulative Convertible Participating Preferred Ordinary Shares of £1 each	100%

4. Summary of Preferred Ordinary Share Rights

Income: (a) first in paying to the holders of the Preferred Ordinary Shares a Cumulative Preferential dividend of 20p per Share per annum payable half yearly in arrear on 30th June and 31st December;
(b) secondly in paying to the holders of the Preferred Ordinary Shares a further Cumulative Preferential dividend of 4½p per Share for each £50,000 or part thereof by which net profit (as defined) exceeds £100,000;
(c) thirdly the balance of profits to be distributed shall be distributed to the holders of the Ordinary Shares.

Capital: On a return of assets, surplus assets applied:—
(a) first in paying to the holders of the Preferred Ordinary Shares any arrears of both preferential dividends calculated to date of return;
(b) secondly in paying to the holders of the Preferred Ordinary Shares £3.125 per Share;
(c) thirdly in paying to the holders of the Ordinary Shares £3.125 per Share;
(d) fourthly in paying to the holders of the Ordinary Shares such sum, if any, per Share as represents the shortfall between the dividends paid on each Ordinary Share and the total dividends paid on each Preferred Ordinary Share in respect of all relevant periods from the date of allotment of the Preferred Ordinary Shares to the date of return;
(e) fifthly any balance of assets shall be distributed among the holders of the Ordinary and the Preferred Ordinary Shares *pari passu* as if the same constituted one class of share.

Conversion: The Preferred Ordinary Shares shall convert automatically to Ordinary Shares in the proportion of 1 for 1 if in any 3 year period the aggregate of the preferential dividends exceeds 33⅓p per Share in each year.

Voting: One vote per Preferred Ordinary Share upon a poll, unless either of the preferential dividends is not paid within prescribed time limits, in which event three votes.

Class Rights: Usual class rights.

Other Rights: ESO, so long as it holds any share, has the right to appoint a Director.

5. Income received by ESO

ESO received no income in respect of this investment.

A. H. McINTOSH & COMPANY LIMITED

1. Introduction

A. H. McIntosh & Company Limited ("McIntosh") is a manufacturer of high quality furniture with a large modern factory on the outskirts of Kirkcaldy. Like most manufacturers in this industry McIntosh has encountered an extremely difficult year of trading. A loss of £279,000 was incurred in the six months to 31st October, 1980 and the overall loss for the year ended 30th April, 1981 is expected to be in excess of £500,000. McIntosh should return to profitability after destocking by retailers comes to an end.

2. Financial Information

	Year Ended 2nd May, 1980 £	6 months to 31st October, 1980 (unaudited) £
Turnover	10.5m	4.2m
Pre-tax Profit/(Loss)	519,644	(279,000)
Capital employed at 2nd May, 1980		
Share Capital—Ordinary Shares of £1 each		£162,000
—Deferred Shares of £10 each		20,000
—Convertible Participating Preferred Ordinary Shares of £1 each		54,000
Reserves		1,133,439
		£1,369,439

3. ESO Investment made in July 1978

	Percentage of Class Held
18,500 Ordinary Shares of £1 each	11.4%

4. Summary of Ordinary Share Rights

Usual rights, subject to the rights of holders of Convertible Participating Preferred Ordinary Shares.

5. Income received by ESO

	Gross
Ordinary shares	£4,863

NESSCO ELECTRONICS (ABERDEEN) LIMITED

1. Introduction

Nessco Electronics (Aberdeen) Limited ("Nessco") supplies, installs, and hires telecommunications systems to offshore rigs and also provides operators. Nessco is also involved in designing and supplying other forms of telecommunications equipment to users onshore. Nessco is expected to show a satisfactory profit in the year to 31st March, 1982.

2. Financial Information

	Period from 7th June, 1979 to 31st March, 1980 £	Year Ended 31st March, 1981 (unaudited) £
Turnover	58,563	289,985
Pre-tax Loss	34,163	18,389
The issued Share Capital is:—		
3,200 Preferred Ordinary Shares of £1 each		£3,200
4,800 Ordinary Shares of £1 each		4,800
		£8,000

3. ESO Investment made in June 1981

	Percentage of Class Held
£3,200 Preferred Ordinary Shares of £1 each	100%
£40,000 12½ per cent. Convertible Unsecured Loan Stock 1989	—

4. Summary of Preferred Ordinary Share Rights

Income: After paying to the holders of the Cumulative Redeemable Preference Shares (into which the holders of the Convertible Unsecured Loan Stock have the right to convert their holding of Loan Stock on the basis of one share for each £1 of stock) a fixed cumulative preferential dividend of 8.75p per annum per Share half-yearly in arrear on 31st March and 30th September, the holders of the Preferred Ordinary Shares are entitled to a fixed cumulative preferential dividend of £1.64 per annum per Share payable half yearly in arrear on 1st April and 1st October. The balance of profits is distributable to the holders of the Preferred Ordinary Shares and the Ordinary Shares *pari passu* as if the same constituted one class of share.

Capital: On a return of assets, surplus assets applied:—
After paying to the holders of the Preference Shares £1 per Share plus any arrears of dividend to date of return, any balance shall be distributed amongst the holders of the Preferred Ordinary and the Ordinary Shares *pari passu* as if the same constituted one class of share.

Voting: The holders of the Preferred Ordinary and Ordinary Shares have one vote per share.

Class Rights: Usual class rights.

Other Rights: ESO, so long as it holds 10 per cent. or more of the issued equity capital, has the right to appoint a Special Director.

OILFIELD INSPECTION SERVICES (AUSTRALIA) PTY. LIMITED

1. Introduction

Oilfield Inspection Services (Australia) Pty. Limited ("OISA") is the Australian subsidiary of Oilfield Inspection Services Group Limited, formed to offer the same range of services as provided by Oilfield Inspection Services Limited. It has successfully contracted for the inspection of modules in connection with the North West Shelf Project.

OISA has traded at a loss since it commenced business in October, 1979. The forthcoming marine and land pipeline projects are expected to contribute significantly to growth in the next two to three years, and this should be followed by a period of high activity as the development of the North West Shelf continues over the next decade.

OISA has also penetrated the Eastern States of Australia, where it has successfully completed two pipeline projects, and is currently engaged on a third.

2. Financial Information

	Year Ended 31st December, 1980 A$
Turnover	779,816
Pre-tax Loss	114,332
Capital employed at 31st December, 1980	
Share capital—Ordinary Shares of A$1 each	A$140,000
Reserves	(137,547)
	A$ 2,453

3. ESO Investment made in 1979 and 1980

	Percentage of Class Held
34,500 Ordinary shares of A$1 each	24.6%

4. Income received by ESO

ESO received no income in respect of this investment.

Note:

ESO has also granted an indemnity in respect of a guarantee of loan facilities amounting to A$210,000 (£123,131 at 25th June, 1981) (Material Contract 3(c)).

SEACATER LIMITED

Seacater and its subsidiary companies have continued to trade at a loss, and two of its subsidiaries have recently been put into liquidation. The future of this group is therefore very doubtful and accordingly the investment has been written down.

STRUCTURAL MONITORING LIMITED

1. Introduction

Structural Monitoring Limited ("SML") measures the effect of stress and vibration caused by wind and waves to offshore platforms and other engineering structures. With the technology it has developed it has extended its services to other industries.

Following a disappointing year in 1979, SML made a profit of £30,763 in the year ended 31st December, 1980.

2. Financial Information

	Year Ended 31st December, 1979 £	1980 £
Turnover	286,078	474,948
Pre-tax Profit/(Loss)	(36,056)	30,763
Capital employed at 31st December, 1980		
Share Capital—Ordinary Shares of £1 each		£1,000
—Redeemable Participating Preferred Shares of £1 each		80,000
Reserves		(3,400)
		£77,600

3. ESO Investment made in 1977

	Percentage of Class Held
200 Ordinary Shares of £1 each	20.0%
50,000 Redeemable Participating Preferred Shares of £1 each	62.5%

4. Summary of Preferred Share Rights

Income: (a) fixed cumulative dividend of 6 per cent. per annum payable half yearly in arrear on 31st January and 31st July;
(b) participating non-cumulative dividend of 20 per cent. per annum of the audited net profits, after specified deductions, payable annually in arrear on 31st July.
(*Note:*—A combination of (a) and (b) above must not exceed 12 per cent. on the preferred capital paid up for the time being.)

Capital: On winding up:
Return of preferred capital plus all arrears of dividend (including participating if due) calculated to the date of payment with no further participating right.

Redemption: Redeemable at the instance of SML at a premium of 10p per Share up to 31st December, 1984 when any Preferred Share not previously redeemed must be redeemed at par.

Voting: No rights unless variation of class rights or the 6 per cent. dividend unpaid for six months, or a resolution to wind up SML.

Class Rights: Usual class rights.

5. Income received by ESO

	Gross
Ordinary Shares	Nil
Redeemable Participating Preferred Sha[illegible]	[illegible]4,288

APPENDIX II

Accountants' Report

The following is the text of a Report received from the Reporting Accountants, Arthur Young McClelland Moores & Co., Chartered Accountants, the auditors of ESO:—

17 Abercromby Place,
Edinburgh, EH3 6LT.
17th July, 1981.

The Directors,
East of Scotland Onshore Limited,
3 Albyn Place,
EDINBURGH EH2 4NQ.

Gentlemen,

We have examined the audited accounts of East of Scotland Onshore Limited ("ESO") for the 5 years ended 31st January 1981 and the interim audited accounts for the period 1st February to 25th June, 1981. We have been auditors of ESO throughout the periods relevant to this report.

The summaries set out below are based on these audited accounts of ESO, adjusted for 1977, 1978 and 1979 to provide for deferred taxation on the basis applied by ESO for subsequent periods.

In our opinion the summaries give, on the basis of the accounting policies therein, a true and fair view of the results and of the source and application of funds of ESO for the 5 years ended 31st January, 1981 and for the period 1st February to 25th June, 1981, and of the state of affairs of ESO as at 25th June, 1981.

1. Balance Sheets as at 25th June, 1981

	£	£
Unlisted Investments at Directors' Valuation (Note 1 (a) and (b))		4,247,000
Current Assets:		
Short-term deposits	325,000	
Due by bankers	9,680	
Debtors	17,286	
	351,966	
Current liabilities:		
Creditors	29,598	
Taxation	34,417	
	64,015	
Net current assets		287,951
Deferred taxation:		
Revenue	7,942	
Chargeable gains (Note 1 (c))	130,106	
		(138,048)
Total net assets		4,396,903
Share capital (Note 1 (e))		500,001
Share premium account		1,468,055
Capital reserve (Note 1 (f))		2,328,097
Revenue reserve		100,750
		4,396,903
Net asset value per Ordinary Share, based on increased share capital following the Extraordinary General Meeting on 8th July, 1981 (6,000,012 Ordinary Shares of 25p each) (see Note 1 (e))		73.3p

Note 1—the Balance Sheet

(a) *Investments*

In view of the current investment objectives of ESO, the Directors consider that even where holdings exceed 20 per cent. of the equity capital it is not appropriate to treat any investments as associated companies as defined in Statement of Standard Accounting Practice No. 1.

(b) Under Section 4 of the Companies Act 1967 the following holdings of share capital require to be disclosed:—

Name of Company	County of Registration	Holding	Percentage held
Aggreko (U.K.) Ltd.	Scotland	32,143 Preferred Ordinary Shares of £1	42.9%
Drilling Tools Holdings Ltd.	England	28,000 Ordinary Shares of £1 each	12.8%
Hydrasun (Aberdeen) Ltd.	Scotland	600 Ordinary Shares of £1 each	20.0%
		100,000 8% Cumulative Redeemable Preference Shares of £1 each	100%
Oilfield Inspection Services Group Ltd.	Scotland	16,304 Ordinary Shares of £1 each	5.4%
		170,000 Preferred Ordinary Shares of £1 each	50.0%
OSEL Offshore Systems Engineering Ltd.	England	7,911 Ordinary Shares of £1 each	24.4%
		50,000 8½% Cumulative Redeemable Preference Shares of £1 each	50.0%
Carlyle Wishart and Co. Ltd.	Scotland	1,400 Ordinary Shares of £1 each	20%
Comap Project Management Services Ltd.	Scotland	20 Cumulative Participating Preferred Ordinary Shares of £1 each	100%
Maclean and Speirs Ltd.	Scotland	40,000 Cumulative Convertible Participating Preferred Ordinary Shares of £1 each	100%
A. H. McIntosh & Co. Ltd.	Scotland	18,500 Ordinary Shares of £1 each	11.4%
Nessco Electronics (Aberdeen) Ltd.	Scotland	3,200 Preferred Ordinary Shares of £1	100%
Oilfield Inspection Services (Australia) Pty. Ltd.	Australia	34,500 Ordinary Shares of A$1.00 each	24.6%
Seacater Ltd.	Scotland	5,000 Ordinary Shares of £1 each	10.8%
		20,000 8% Cumulative Redeemable Preference Shares of £1 each	100%
Structural Monitoring Ltd.	Scotland	200 Ordinary Shares of £1 each	20.0%
		50,000 Redeemable Participating Preferred Shares of £1 each	62.5%

(c) *Deferred taxation*

Deferred taxation represents short term timing differences in computing the profits for accounting and tax purposes, less any recoverable advance corporation tax not expected to be recoverable within the following year. No provision is made for corporation tax on potential chargeable gains except for the potential gain on investments which the directors of ESO intend to sell in the foreseeable future. Had all the investments been realised at 25th June, 1981 valuation, the corporation tax payable would have amounted to £733,289. Out of this total, provision of £130,106 has been made as at 25th June, 1981, in respect of the intended disposal of part of the holding in Oilfield Inspection Services Group Limited at the time of that company's application for admission to The Unlisted Securities Market.

(d) *Contingent Liabilities*

(i) ESO has granted an indemnity in respect of a guarantee of loan facilities of an investment amounting to A$210,000 (£123,131) plus interest and charges. £150,000 is pledged in respect of this guarantee.

(ii) ESO has guaranteed part of the borrowings of an investment. The liability of ESO in respect of this guarantee is limited to £200,000.

(e) *Share capital*

At 25th June, 1981 the issued share capital of ESO was 1,000,002 Ordinary Shares of 50p each, fully paid.

By or pursuant to resolutions passed at an Extraordinary General Meeting of ESO on 8th July, 1981:—

(i) Each of the Ordinary Shares of 50p was sub-divided into two Ordinary Shares of 25p each.

(ii) The authorised Share Capital of ESO was increased from £1,250,000 to £2,600,000, divided into 10,400,000 Ordinary Shares of 25p each.

(iii) ESO issued, credited as fully paid, 4,000,008 Ordinary Shares of 25p each by way of capitalisation of part of share premium account.

(f) *Capital Reserves*

Capital Reserve at 25th June, 1981 comprised:—	£
Unrealised appreciation on Investments	2,749,432
Unrealised depreciation on Investments	(291,229)
Deferred taxation on potential chargeable gains	(130,106)
	2,328,097

2. Revenue Accounts

	Period to 25th June, 1981	Year ended 31st January, 1981	Year ended 31st January, 1980	Year ended 31st January, 1979	Year ended 31st January, 1978	Year ended 31st January, 1977
	£	£	£	£	£	£
Income from unlisted investments (Note 2 (a)): Franked	11,037	51,486	47,224	33,696	10,367	8,080
Unfranked	—	40,348	29,186	28,049	15,909	2,345
Deposit interest received	31,079	83,739	93,069	36,160	28,669	38,226
Commitment fee	—	4,000	—	—	—	—
	42,116	179,573	169,479	97,905	54,945	48,571
Management and other expenses (Note 2 (d) and (e))	23,021	38,529	35,390	27,413	24,760	18,135
Revenue before tax	19,095	141,044	134,089	70,492	30,185	30,436
Taxation (Note 2 (b))	7,700	59,645	60,667	29,834	11,887	12,296
Revenue attributable to ordinary shareholders	11,395	81,399	73,422	40,658	18,298	18,140
Dividends (Note 2 (c))	—	50,000	40,000	21,450	13,000	7,500
Revenue surplus for year	11,395	31,399	33,422	19,208	5,298	10,640
Transfer to Capital Reserve	—	—	11,465	—	5,000	—
Transfer to Revenue Reserve	11,395	31,399	21,957	19,208	298	10,640
Earnings per Ordinary Share: (a) based on issued share capital as at 25th June, 1981 (1,000,002 ordinary shares of 50p each)	1.14p	8.14p	7.34p	4.07p	1.83p	1.81p
(b) based on increased share capital following Extraordinary General Meeting on 8th July, 1981 (6,000,012 Ordinary Shares of 25p each) (see Note 1(e))	.19p	1.36p	1.22p	.68p	.31p	.30p

Note 2—the Revenue Accounts

(a) The income of ESO includes the imputed tax credit on Franked Investment Income and income tax deducted at source from other income. Income from investments has been treated on a cash basis. Deposit interest and expenditure is presented on an accruals basis.

(b) *Taxation*

	Period to 25th June, 1981	Year ended 31st January, 1981	Year ended 31st January, 1980	Year ended 31st January, 1979	Year ended 31st January, 1978	Year ended 31st January, 1977
	£	£	£	£	£	£
Corporation Tax at 52 per cent. (1977 and 1978 at 42 per cent.)	—	48,870	44,258	18,899	5,700	9,462
Small Companies relief	—	2,349	—	1,109	—	—
	—	46,521	44,258	17,790	5,700	9,462
Imputed tax on franked investment income	3,311	15,446	14,168	11,120	3,531	2,800
	3,311	61,967	58,426	28,910	9,231	12,262
Transfer to/(from) deferred taxation	4,389	(2,322)	2,241	924	2,656	34
	7,700	59,645	60,667	29,834	11,887	12,296

(c) *Dividends*

Year to 31st January,		Dividend paid per share	Shares of 50p each
1977	Final paid 30th May, 1977	0.75p	1,000,002 (20p paid)
1978	Final paid 29th May, 1978	1.30p	1,000,002 (30p paid)
1979	Final paid 29th May, 1979	2.145p	1,000,002 (40p paid)
1980	Interim paid 7th November, 1979	1.50p	1,000,002 (40p paid)
	Final paid 2nd June, 1980	2.50p	
1981	Interim paid 26th November, 1980	1.50p	1,000,002 (40p paid)
	Final paid 1st June, 1981	3.50p	

No dividends have been paid since 1st June, 1981.

(d) *Bank Overdraft Interest*

Management and other expenses include bank overdraft interest as follows:—
Period to 25th June, 1981 £ Nil.
Year to 31st January, 1981, £63; 1980, £104; 1979, £11; 1978, £1,390; 1977, Nil.

(e) *Directors' Fees*

Management and other expenses include Directors' fees as follows:—
Period to 25th June, 1981 £4,412.
Year to 31st January, 1981, £5,500; 1980, £5,500; 1979, £5,500; 1978, £4,750; 1977, £4,250.
Directors' fees amounting to £750 and £1,250 were waived in the years to 31st January, 1978 and 31st January, 1977 respectively.

3. Statements of Source and Application of Funds

	Period to 25th June, 1981	Year ended 31st January, 1981	Year ended 31st January, 1980	Year ended 31st January, 1979	Year ended 31st January, 1978	Year ended 31st January, 1977
SOURCE OF FUNDS	£	£	£	£	£	£
Derived from Revenue: Revenue before tax	19,095	141,044	134,089	70,492	30,185	30,436
Derived from Capital: Sale of investments	—	—	—	—	100,003	—
Loan investments realised	—	—	107,441	50,000	75,000	50,000
Call on shares	500,001	—	—	500,001	500,001	—
	519,096	141,044	241,530	620,493	705,189	80,436
APPLICATION OF FUNDS						
Expenses of call	5,001	—	—	10,093	244	—
Dividends paid	35,000	40,000	36,450	13,000	7,500	9,000
Taxation paid and suffered on Revenue	3,311	63,457	29,788	23,160	16,353	10,026
Purchase of investments	275,920	344,258	21,458	298,317	460,006	10,200
Loan investments made	168,571	80,000	125,000	122,500	131,476	50,000
	487,803	527,715	212,696	467,070	615,579	73,226
Increase/(decrease) in liquidity	£31,293	£(386,671)	£28,834	£153,423	£89,610	£7,210
Represented by:— Increase/(decrease) in debtors	9,503	(7,159)	7,424	1,065	6,109	296
Decrease/(increase) in creditors	(6,828)	(16,069)	4,550	(10,907)	837	(965)
Increase/(decrease) in temporary loans and cash	28,618	(363,443)	16,860	163,265	82,664	7,879
	£31,293	£(386,671)	£28,834	£153,423	£89,610	£7,210

Yours faithfully,
ARTHUR YOUNG McCLELLAND MOORES & CO.,
Chartered Accountants.

APPENDIX III

STATUTORY AND GENERAL INFORMATION

1. Share Capital

ESO was incorporated in Scotland as a private company on 20th May, 1975 with an authorised share capital of £1,250,000 divided into 2,500,000 Ordinary Shares of 50p each, two of which were issued nil paid. On 10th June, 1975 ESO was converted into a public company and on 21st July, 1975 there were issued a total of 1,000,000 Ordinary Shares of 50p each partly paid together with a part payment of premium. Details of the calls and payments of premiums on Shares are as follows:—

	As to part payment of Nominal Value per Share	As to part payment of Premium per Share	Total Called
	p	p	£
1. 50p per Share, payable on application	20	30	500,001
2. 50p per Share, payable by 16th September, 1977	10	40	500,001
3. 50p per Share, payable by 7th December, 1978	10	40	500,001
4. 50p per Share, payable by 20th February, 1981	10	40	500,001
			2,000,004

By or pursuant to resolutions passed at an Extraordinary General Meeting of ESO on 8th July, 1981:—

(i) Each of the Ordinary Shares of 50p was sub-divided into two Ordinary Shares of 25p each.

(ii) The authorised Share Capital was increased from £1,250,000 to £2,600,000 divided into 10,400,000 Ordinary Shares of 25p each.

(iii) ESO issued, credited as fully paid 4,000,008 Ordinary Shares of 25p each by way of capitalisation of part of share premium account, and

(iv) ESO adopted new Articles of Association appropriate to a listed Investment Company.

2. Articles of Association

The Articles of Association of ESO contain provisions to the following effect:—

(a) *General Meetings*

Meetings of the members will be held at such times and places as the Directors may decide and shall be convened in accordance with the Companies Acts. The Notice convening any meeting will state the date, time and place of the meeting and in the case of special business will indicate the general nature of the business to be considered at the meeting. Members may attend any General Meeting in person or by proxy and the quorum at any such meeting shall be three members present in person and entitled to vote.

(b) *Voting and Class Rights*

(i) On a show of hands every member present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share held by him.

(ii) A corporation may be present at any General Meeting, and may vote thereat, by a duly authorised representative.

(iii) Whenever the capital of ESO is divided into different classes of shares the rights attached to any class may, subject to the provisions of the Companies Acts be varied or abrogated whether or not ESO is being wound up either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of such holders.

(c) *Borrowing Powers*

The Directors may exercise all the powers of ESO to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of ESO or of any third party; provided that the total sums borrowed by ESO and its subsidiary companies (exclusive of intra-group borrowings) and outstanding at any one time shall not, without the previous sanction of ESO in General Meeting, exceed an amount equal to the adjusted total of capital and reserves (as defined in the Articles of Association). ESO may, however, in addition, borrow from its bankers sums not exceeding 10 per cent. of the aggregate for the time being of its paid up share capital and share premium account.

(d) *Directors*

(i) A Director shall not require a share qualification.

(ii) No person shall be appointed or re-appointed a Director if at the time of his proposed appointment or re-appointment he shall have attained the age of 70 years. A Director who attains the age of 70 years shall continue in office only until the conclusion of the A.G.M. next held after he has attained that age.

(iii) Subject to certain limited exceptions, a Director shall not vote in respect of any contract or arrangement in which he is materially interested and if he shall do so his vote shall not be counted. This provision may be suspended or relaxed by ESO in General Meeting.

(iv) A Director may hold any other office or place of profit under ESO (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with ESO either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of ESO in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to ESO for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(v) The remuneration of the Directors shall be determined by ESO in General Meeting. The Directors may repay to any Director all reasonable expenses incurred in or about the business of ESO, including any expenses incurred in attending and returning from meetings of the Directors or General Meetings. The Directors may pay extra remuneration to any Director who is appointed to an executive office, or who performs any special or professional service.

(vi) The Directors may pay pensions or certain other benefits to any Director who has held any executive office or place of profit with ESO or to his widow or dependants and may make contributions to any fund and pay premiums for the provision of any such pensions or other benefits.

(vii) Any Director may in writing appoint any person approved by resolution of the Directors to be his alternate and may at any time in writing revoke the appointment.

(viii) Any Director may act by himself or his firm in a professional capacity for ESO, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor to ESO.

3. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by ESO within the two years immediately preceding the date of this prospectus and are or may be material:—

(a) Dated 16th July, 1981 being the Underwriting Agreement amongst ESO, Parsons & Co., Williams de Broe, Hill Chaplin & Co. and the Directors of ESO (other than D. L. Skinner) described in paragraph 4 of this Appendix.

(b) Dated 13th July, 1981 between ESO and ESIM being the Management Agreement referred to under "Managers".

(c) Dated 11th October, 1979, being an indemnity by ESO in favour of Barclays Bank International Limited in respect of any loss which Barclays Bank International Limited may suffer in connection with a guarantee by it to Barclays Australia Limited of the repayment by Oilfield Inspection Services (Australia) Pty. Limited of a facility of A$210,000.

(d) Dated 11th and 12th October, 1979 being an Agreement between Oilfield Inspection Services (Australia) Pty. Limited, ESO and Oilfield Inspection Services Group Limited, containing an indemnity by Oilfield Inspection Services (Australia) Pty. Limited in favour of ESO in respect of the indemnity in (c) above and providing for the issue to ESO of 7,500 Ordinary Shares of A$1 each in Oilfield Inspection Services Limited (Australia) Pty. Limited.

(e) Dated 25th April, 1980, being a guarantee by ESO in favour of the Governor and Company of the Bank of Scotland for the purpose of securing the sum of £200,000 being a proportion of the facilities made available by such Bank to Oilfield Inspection Services Group Limited and Oilfield Inspection Services Limited.

4. Underwriting Agreement

Under Material Contract 3(a) above, Parsons & Co. and Williams de Broë, Hill Chaplin & Co. have agreed, subject to the Council of The Stock Exchange admitting the whole of the share capital of ESO issued and now being offered to the Official List (subject only to allotment of the shares being offered) not later than 22nd July, 1981, to underwrite the offer of 4,000,000 Ordinary Shares of 25p each of ESO for a commission of 2 per cent. out of which they may pay a sub-underwriting commission of 1¼ per cent. on the issue price of such Ordinary Shares. Parsons & Co. and Williams de Broë, Hill Chaplin & Co. will also receive in aggregate fees of £30,000 (exclusive of VAT) as sponsoring brokers.

5. General

(a) *Expenses*

ESO will pay the costs and expenses incidental to the re-organisation of share capital and the expenses of this offer and the issue of shares pursuant thereto. These costs and expenses will include the expenses of the application for listing, the fees and expenses of the receiving bankers, its own legal and accountancy expenses, printing and advertising expenses and postage, a fee to the brokers, certain legal expenses of the brokers, and a fee to ESIM of £15,000 (exclusive of VAT) for services in relation to the offer and Capital Duty. These fees and expenses together with the commission and fees referred to in Paragraph 4 above are estimated to amount to £310,000 in aggregate inclusive of VAT where applicable.

(b) *Proceeds of the Issue*

The net proceeds of the issue, after deducting the expenses referred to in paragraph (a) above, are estimated at £2,250,000. The net proceeds will be applied in furthering the investment policy of ESO.

(c) *Directors' Interests*

(i) The Directors have the following interests in the Ordinary Share Capital of ESO:—

	Beneficial	Non-Beneficial
H. A. Whitson	6,000	—
J. T. W. Gray	9,000	12,000
W. Thyne	12,000	—

Save as disclosed herein, no Director has any interest (within the meaning of the Companies Act 1967, as amended) in the share capital of ESO.

(ii) No Director has any existing or proposed service contract with ESO.

(iii) The aggregate emoluments of the Directors during the accounting period to 31st January, 1981 were £5,500. It is estimated that the aggregate of the emoluments of the Directors will be £14,667 during the period to 31st May, 1982. This is equivalent to an annual rate of £11,000.

(iv) Save as disclosed herein no Director has an interest, direct or indirect, in any assets which have been or which are proposed to be acquired or disposed of by or leased to ESO.

(v) Save as disclosed herein there is no contract or arrangement subsisting in which a Director is materially interested and which is significant in relation to the business of ESO.

(vi) Mr. J. T. W. Gray is a partner in Parsons & Co., who will be receiving a fee and a commission under Material Contract 3(a).

(d) *Share and Loan Capital*

(i) So far as the Directors are aware the following companies owned in excess of 5 per cent. of the Ordinary Shares of 25p each of ESO on 10th July, 1981:—

	Number of Ordinary Shares held
London Trust Company Limited	750,000
The Industrial and General Trust Limited	600,000
N.C. Lombard Street Nominees Limited	300,006
The Scottish Eastern Investment Trust Limited	390,000

So far as the Directors are aware, no other party was then the registered holder of 5 per cent. or more of the Ordinary Shares of ESO.

(ii) No material issue of shares will be made within one year of the date hereof without the prior approval of ESO in General Meeting.

(iii) Save as disclosed herein:—

(a) No founders', management or deferred shares have been or are to be issued.

(b) No share or loan capital of ESO is under option or agreed, conditionally or unconditionally, to be put under option.

(c) No share or loan capital of ESO has been issued or is proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted by ESO in connection with the issue of the shares now being offered.

(e) *Indebtedness*

Save as disclosed herein, ESO has no loan capital (including term loans) outstanding, or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

(f) *Litigation*

ESO is not engaged in any litigation and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against it.

(g) *Working Capital*

The Directors are satisfied that following the issue ESO will have sufficient working capital for its present requirements.

(h) *Minimum Amount to be Raised*

No amount is required for any of the purposes specified in paragraph 4 of Part I of the Fourth Schedule to the Companies Act 1948.

(i) *Employees*

ESO has no employees.

(j) *Offer of Shares*

All applications for shares of ESO are made on the basis of the information contained in this prospectus and no other information or representation must be relied upon in making such application. Neither the delivery or publication of this document, nor any allotment of shares made pursuant hereto shall in any circumstances constitute a representation that there has been no change in the state of affairs of ESO or the value of its investments since the date hereof or that any other information contained herein remains accurate. This document does not constitute an offer to any person to whom it is unlawful to make such offer.

(k) *Consent*

Arthur Young McClelland Moores & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their Report and the references to themselves in the form and context in which they appear.

(l) *Documents Registered*

The following documents were delivered to the Registrar of Companies in Edinburgh for registration with this prospectus:—

(i) The written consent referred to in paragraph 5(k) above.

(ii) Copies of the Material Contracts listed in paragraph 3 above, and

(iii) The Statement of Arthur Young McClelland Moores & Co. setting out the adjustments made in arriving at the figures contained in their Report and giving the reasons therefor.

(m) *Inspection of Documents*

Copies of the following documents may be inspected at the offices of Williams de Broë, Hill Chaplin & Co., Pinners Hall, Austin Friars, London, and at the offices of Dundas & Wilson, C.S., 25 Charlotte Square, Edinburgh, during usual business hours on any week day (Saturdays and public holidays excepted) for fourteen days from the date of this document:—

(i) The Memorandum and Articles of Association of ESO.

(ii) The Accountants' Report of Arthur Young McClelland Moores & Co., and their written consent referred to in paragraph 5(k) of this Appendix, together with the Statement referred to in sub-paragraph 5 (l) (iii) above.

(iii) The Material Contracts referred to in paragraph 3 of this Appendix.

(iv) The audited accounts of ESO for each of the two financial years preceding the publication of this prospectus and the interim audited accounts for the period to 25th June, 1981.

(v) The Articles of Association and such accounts of ESO's underlying Investments as are referred to or extracted in Appendix 1.

17th July, 1981

Procedure for Application

APPLICATION

The Application Form duly completed should be returned to The Royal Bank of Scotland Limited, New Issues Department, 36 St. Andrew Square, Edinburgh EH2 2YB, or New Issues Department, 3 Bishopsgate, London EC2N 3AA, so as to arrive not later than 10.00 a.m. on Thursday 23rd July, 1981.

NUMBER OF SHARES APPLIED FOR.

Applications must be for a minimum of 500 shares and in multiples of 100 shares up to 1,000 shares; in multiples of 500 shares between 1,000 and 5,000 shares; in multiples of 1,000 shares between 5,000 and 25,000 shares and thereafter in multiples of 5,000 shares.

Priority will be given in respect of a maximum of 600,000 shares made by shareholders of ESO on the Register on 7th July, 1981. Such applications should be made on the special pink forms provided for the purpose.

Examples of the amount payable on application at 64p per share are set out below:—

Number of shares applied for	Amount payable on application	Number of shares applied for	Amount payable on application
	£		£
500	320	1,500	960
600	384	2,000	1,280
700	448	5,000	3,200
800	512	10,000	6,400
900	576	25,000	16,000
1,000	640	50,000	32,000

PAYMENT

A separate cheque must accompany each application and must be made payable to The Royal Bank of Scotland Limited drawn on a bank account in the United Kingdom and crossed "Not Negotiable". The right is reserved to present all cheques for payment on receipt and to retain the Letters of Allotment and surplus application monies pending clearance of the applicants' cheques. Due completion of and delivery of the Application Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation and attention is drawn to the declaration in the Application Form to that effect. ESO reserves the right to reject any application or to accept any application in part only. If any application is rejected the amount paid on application will be returned to the applicant in full. If the number of Ordinary Shares allotted is less than the number applied for, the balance of the application moneys will be returned.

ADMISSION TO THE OFFICIAL LIST

Acceptance of application will be conditional on the Council of The Stock Exchange admitting the whole of the issued share capital of ESO to the Official List not later than 28th July, 1981. Moneys collected in respect of applications will be returned if such condition is not satisfied by that date and in the meantime will be retained by The Royal Bank of Scotland Limited in a separate account.

DOCUMENTS

Letters of Allotment will be sent to successful applicants not later than 27th July, 1981 and the last day for registration of renunciation will be 31st August, 1981. Share Certificates will be posted not later than 21st September, 1981.

Letters of Allotment, cheques and any other documents will be despatched by post at the risk of the persons entitled thereto.

Copies of the Offer with the Application Form may be obtained from:—

Parsons & Co.:
100 West Nile Street, Glasgow G1 2QU;

Williams de Broë, Hill Chaplin & Co.:
Pinners Hall, Austin Friars, London EC2P 2HS;

The Royal Bank of Scotland Limited:
New Issues Department, 36 St. Andrew Square, Edinburgh EH2 2YB;
New Issues Department, 3 Bishopsgate, London EC2N 3AA.

and from the following branches of The Royal Bank of Scotland Limited:

150 Union Street, ABERDEEN AB9 8DU	98 Buchanan Street, GLASGOW G1 3BA	48 Haymarket, LONDON SW1Y 4SE
3 High Street, DUNDEE DD1 9LY	28 Academy Street, INVERNESS IV1 1JU	9 High Street, PERTH PH1 5JS

and from branches of Williams & Glyn's Bank Limited:

36 Baldwin Street, BRISTOL BS1 1NR	11/12 Bennetts Hill, BIRMINGHAM B2 5RS	31 Grey Street, NEWCASTLE NE1 6ES
30 East Road, LEEDS LS1 5PS	2, 4, 6 and 8 James Street, LIVERPOOL L2 3UW	38 Mosely Street, MANCHESTER M60 2BE

APPLICATION FORM

The Application List will open at 10 a.m. on Thursday, 23rd July, 1981, and may be closed at any time thereafter.

This Form when completed should be forwarded to The Royal Bank of Scotland Limited, New Issues Department, 36 St. Andrew Square, Edinburgh EH2 2YB or The Royal Bank of Scotland Limited, New Issues Department, 3 Bishopsgate, LONDON EC2N 3AA and should arrive not later than 10 a.m. on Thursday 23rd July, 1981 together with a cheque or bankers' draft (drawn in sterling on a bank or branch thereof and payable in England, Scotland or Wales) made payable to "The Royal Bank of Scotland Limited" and crossed "Not negotiable".

A separate cheque or draft must accompany each application, which may not be considered unless these conditions are fulfilled.

EAST OF SCOTLAND ONSHORE LIMITED

(Registered in Scotland No. 57804 under the Companies Acts 1948 to 1967)

OFFER

of 4,000,000 Ordinary Shares of 25p each at 64p, per share

Number of Ordinary Shares applied for*	Amount Enclosed
	£

*Applications must be for a minimum of 500 shares and in multiples of 100 shares up to 1,000 shares, in multiples of 500 shares between 1,000 and 5,000, in multiples of 1,000 shares between 5,000 and 25,000 and thereafter in multiples of 5,000.

FOR OFFICE USE ONLY

1. Letter of Allotment No.
2. Number of Shares Allotted
3. Amount received on application £
4. Amount payable on shares accepted £
5. Amount returned £
6. Returned Cheque No.

To: EAST OF SCOTLAND ONSHORE LIMITED

Gentlemen,

Having paid to The Royal Bank of Scotland Limited the above-mentioned sum, being the amount of 64p per Share payable on application for the above-stated number of Ordinary Shares of 25p each, I/we offer to subscribe for that number of Shares and I/we agree to accept the same or any smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus dated 17th July, 1981, and subject to the Memorandum and Articles of Association of the Company.

I/We authorise you to send a fully paid Renounceable Allotment Letter in respect of such Shares and/or a cheque representing the return of any application moneys due to me/us by post at my/our risk to the (first) address written below and I/we hereby authorise you to place my/our name(s) on the Register of Members of the Company as the holder(s) of the said Shares so far as the same are not effectively renounced.

I/We declare and warrant that due completion of this Application Form accompanied by a cheque will constitute an undertaking by me/us that the cheque sent herewith will be paid on first presentation and any allotment to me/us is strictly on this understanding.

Date ____________ 1981. Signature ____________ (1)

Surname and Designation (Mr., Mrs., Miss, Title or Rank) ____________ Please use Block Letters

Forename(s) in full ____________

Address in full ____________

(A Corporation should complete this Form under the hand of a duly authorised official who should state his capacity) ____________

Joint Applicants must sign below:

Please pin cheque/draft here

(2) Signature ____________
Surname and Designation (Mr., Mrs., Miss, Title or Rank) ____________ Forename(s) in full ____________
Address (in full) ____________

(3) Signature ____________
Surname and Designation (Mr., Mrs., Miss, Title or Rank) ____________ Forename(s) in full ____________
Address (in full) ____________

(4) Signature ____________
Surname and Designation (Mr., Mrs., Miss, Title or Rank) ____________ Forename(s) in full ____________
Address (in full) ____________

Applicants are advised to allow two days for delivery through the post and to use first class mail. The Company reserves the right to present all cheques and drafts for payment on receipt and to withhold Allotment Letters and excess application moneys pending clearance of Applicants' cheques.

No receipt will be issued for the amount paid on application but an acknowledgement will be forwarded in due course by fully paid renounceable Allotment Letter in respect of all or some of the Shares applied for and/or by return by cheque through the post of the application moneys or any surplus thereof.

WORLD STOCK MARKETS

Dow narrowly higher at 1pm

WALL STREET stocks remained narrowly higher at midsession but support was weak as investors continued to await signs that the Federal Reserve would loosen monetary policy.

The Dow Jones industrial average was up 0.95 at 956.43 and advances edged declines by a margin of six to five. Volume was 31m shares (27.7m). The NYSE All Common Index added 14 cents at $75.84.

Energy stocks remained in the spotlight as takeover speculation heated up after Mobil's $7.74bn offer for Conoco.

Mobil dropped ½ to $30½ and Conoco lost $1⅞ at $86⅜ after being halted for most of the morning session. Of the other Conoco suitors, Du Pont was off ¾ at $46¼ and Seagram lost ½ at $55.

Texasgulf led the active list, off ¼ at $54¼.

Active and higher were Phillips Petroleum, up $2¼ at $44⅞, Standard Oil California, ½ at $40¼, Diamond Shamrock, ⅞ at $38⅝, and Standard Oil Ohio, $1½ at $50⅛.

THE AMERICAN SE Market Value index was 0.68 lower at 369.99 on volume of 3.2m shares.

In Montreal, noon prices were mixed, with advances outpacing declines 78 to 40.

Closing North American prices were not available for this edition.

Canada

Stock prices changed little in the morning session, with the Composite index falling 0.1 to 2,390.5 on a volume of 2.5m shares. Advances led declines 180 to 172.

Among the exchange's 14 major indices, declines and advances were split evenly. The gainers were led by Golds, up 42.2 to 4,133.6, and Transportation up 33.7 to 3,452.4. Consumer products, down 32.3 to 2,112.6, and Oil and Gas, off 18.3 to 5,129.6, paced the declines.

Among Industrial actives, Gulf Canada was unchanged at C$29⅞. Texasgulf fell ⅜ to C$65¼, and Canada Permanent Mortgage rose ⅛ to C$30⅜.

Closing prices for North America were not available for this edition.

Germany

Leading share prices continued to drift lower in quiet trading ahead of the weekend, with the Commerzbank Index down at 727.80 after 731.80.

In Electricals AEG fell to a new low at the close of DM39.90, 0.30 down on the previous close, while BBC recovered slightly from Thursdays losses of DM 7.50 to finish at DM 274, up DM 1.50.

In Motors, Daimler, having opened DM 1 lower, moved against the trend to close 0.80 higher at DM 348.30, while VW also gained 0.30 at DM 158.80. BMW was DM 1 down at DM 193.

In easier Banks, Commerzbank finished DM 1.50 up at DM 136.50, Deutsche DM 1.50 down at DM 279.50 and Dresdner DM 1.40 down at DM 151.60. In Engineerings, Linde was DM 2.50 down at DM 344 and KHD fell DM 2.50 to DM 203.

Milan

The market closed easier in subdued trading, resuming a broad downward trend after a three-day tournround. The day's index posted a decline of around 2 per cent.

All sectors were affected by the decline, with Industrials, Insurances and Banks among the hardest hit. Very rare exceptions to the general weak trend included Banco Lariano and the Pesenti holding company Italmobiliare.

Pirelli EC and Centrale were significantly weaker while Montedison, Fiat, Olivetti, and Pirelli Spa closed slightly down.

Generale firmed against the trend.

Australia

The market produced its best performance of the week as the relisting of Petroleum Securities of Australia focussed attention on the oil sector.

Petsec, trading for the first time since acquiring a 10 per cent stake in the Blina oil discovery, finished the day at A$7, a A$3.40 improvement on the price ruling at the time of suspension on May 11.

Vamgas, which also has a 10 per cent Blina interest, added 20 cents at A$13.40, while WMC, which has started an exploration programme on neighbouring Canning Basin leases, firmed 5 cents to A$5.

Trata Oil rose 18 cents to A$2 ahead of resumed drilling near the Woodada gas find and the oil index rose 18.1 points to 853.5.

A continuing lack of support for low-yielding Industrials held the All Ordinaries index to a rise of 3.3 points to 668.2.

Melbourne prices continued to recover, with rises outnumbering falls by 119 to 73. Mining and Oil sectors led the advance.

Tokyo

Share prices closed mixed in fairly active trading, with big Capitals rising sharply in response to the gradual return of foreign investors and High Technology issues declining on profit-taking.

The Nikkei-Dow Index shed 10.49 to 7,876.89 on a turnover of 500m shares, but the Tokyo Stock Exchange index added 1.31 to 594.97.

Hitachi rose a sharp Y31 to Y779, encouraging other Heavy Electric Machines, Steels and Shipbuilders.

Optical Fibres, Machine Tools, Precisions and Motors fell, while high-priced Electricals, Drugs and Synthetic Fibres ended mixed after high opening.

Hong Kong

Share prices reached record highs in heavy trading, with local investors followed by strong overseas buying. The Hang Seng index passed 1,800 for the first time, closing 28.58 higher at 1,810.20. Combined turnover was HK$876.6m.

Most of the big gainers were Blue Chips. Cheung Kong added HK$1.25 at HK$34. Hutchison Whampoa, cited in a brokers' report as a possible takeover target for Cheung Kong, retreated 20 cents to HK$24.

Hong Kong Land gained 40 cents at HK$12.40, Carrian gained 55 cents at HK$9.90 and Sun Hung Kai Properties rose 50 cents to HK$19.80, among generally better Property issues.

Among the Hongs, Jardine Matheson gained 20 cents at HK$25.60, Swire Pacific A 30 cents at HK$19.50 and Wheelock Marden A 10 cents to HK$8.80.

Elsewhere, Hong Kong Bank put on 20 cents at HK$17.40, Hong Kong Electric 5 cents at HK$6.75, China Light 20 cents at HK$14.40 and Hong Kong and Kowloon Wharf 15 cents at HK$8.50.

Singapore

Prices closed sharply lower on profit-taking. The Straits Times fell 10.19 to 902.61.

Among Properties, Selangor was hit hardest, falling to S$11.00 from S$11.50. United Overseas Land dipped to S$4.88 from S$5.05, and City Developments to S$5.40 from S$5.60. However, Singapore Land was unchanged at S$14.40.

Most Industrials sank, with Sime Darby closing at S$4.70 from S$4.76 and United Motor Works, a recent big gainer, stumbling to S$7.70 from S$8.25. Gentings fell to S$9.00 from S$9.40.

Johannesburg

Gold shares closed mostly easier in low volume reflecting the lower bullion price.

Heavyweights were 50 cents down on average, although Randfontein shed R2.5 at R52. Lesser priced issues were generally 10 to 20 cents lower where changed.

Anglos added 10 cents at R15.30, while De Beers added 30 cents at R8.95. Other Metals were generally neglected.

Indices

NEW YORK —DOW JONES

	July 16	July 15	July 14	July 13	July 10	July 9	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
●Industr'ls	955.49	954.15	948.25	954.54	955.57	959.90	1024.05 (27/4)	931.57 (18/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	60.55	60.32	60.54	60.77	60.96	60.47	65.78 (15/1)	58.57 (7/5)	—	—
Transport.	411.55	407.01	401.10	404.29	403.76	403.10	447.58 (16/4)	379.18 (20/2)	447.58 (16/4/81)	12.23 (8/7/32)
Utilities	108.16	108.54	107.49	107.68	107.64	106.74	117.81 (6/1)	103.93 (5/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol. 000-†	39,010	48,950	45,230	38,100	39,950	46,510	—	—	—	—

●Day's high 960.52 low 947.11

Ind. div. yield %	July 10	July 3	June 26	Year ago (approx
	5.72	5.69	5.60	5.93

STANDARD AND POORS

	July 16	July 15	July 14	July 13	July 10	July 9	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	147.95	146.61	145.85	145.77	145.62	145.66	157.02 (6/1)	143.85 (6/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	131.41	130.23	129.65	129.64	129.37	129.30	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	July 15	July 8	July 1	Year ago (approx.
Ind. div. yield %	4.83	4.90	4.85	4.88
Ind. P/E Ratio	9.31	9.16	9.27	8.02
Long Gov. Bond yield	13.14	13.10	13.27	10.08

N.Y.S.E. ALL COMMON

July 16	July 15	July 14	July 13	1981 High	1981 Low
75.70	75.60	75.26	75.28	79.14 (6/1)	72.45 (20/2)

Rises and Falls	July 16	July 15	July 14
Issues Traded	1,852	1,890	1,886
Rises	762	897	513
Falls	674	598	964
Unchanged	426	395	409
New Highs	20	18	9
New Lows	32	18	38

MONTREAL

	July 16	July 15	July 14	July 13	1981 High	1981 Low
Industrials	402.25	399.83	397.05	394.82	409.66 (27/5)	368.26 (20/2)
Combined	373.10	370.62	367.57	366.21	375.16 (27/5)	338.34 (20/2)
TORONTO Composite	2390.56	2371.68	2348.2	2344.44	2373.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Conoco	841,700	88	+4⅛	Pennzoil	412,400	49⅝	+1⅞
Diam Sham	736,900	38½	+1⅝	Texaco	376,600	35⅝	−⅛
Searle	573,000	31⅝	−⅞	ATT	360,400	55⅝	+⅛
C-Gen Inv.	473,300	41⅝	−⅛	Phil Pets	355,700	42⅞	−⅞
Exxon	432,700	34⅝	+⅞	Cities SVC	346,200	55¾	−3½

	July 17	July 16	July 15	July 14	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	659.2	664.8	662.5	665.7	737.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	545.7	537.7	552.2	557.6	735.2 (7/1)	532.2 (15/7)
AUSTRIA						
Credit Aktien (2/1/62)	58.58	58.46	58.47	58.58	66.45 (5/1)	58.45 (16/7)
BELGIUM						
Belgian SE (31/12/63)	74.02	75.63	75.55	74.50	86.75 (17/2)	63.53 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	114.23	115.01	115.14	114.87	118.21 (8/7)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	81.4	80.1	80.0	(c)	112.5 (17/6)	77.5 (16/6)
Ind Tendance (31/12/80)	86.3	84.7	84.5	(c)	106.8 (13/6)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	237.30	238.49	237.76	238.37	243.47 (8/7)	215.68 (9/2)
Commerzbank (Dec. 1953)	727.6	731.8	730.9	735.7	743.8 (8/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	92.0	92.7	92.7	92.5	98.2 (24/6)	86.7 (2/1)
ANP-CBS Indust. (1970)	72.7	72.7	72.3	73.3	78.4 (22/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1810.20	1781.62	1780.69	1779.37	1810.20 (17/7)	1295.44 (11/6)
ITALY						
Banca Comm Ital (1972)	205.22	208.57	206.10	192.95	232.95 (3/6)	173.88 (6/1)
JAPAN						
Dow Average (16/5/49)	7876.89	7887.38	7853.96	7878.96	7925.34 (3/7)	6956.52 (13/3)
Tokyo New SE (4/1/68)	594.97	593.66	591.58	592.25	595.10 (13/7)	496.79 (6/1)
NORWAY						
Oslo SE (1/1/72)	127.12	122.50	122.67	122.52	127.37 (4/5)	110.54 (5/6)
SINGAPORE						
Straits Times (1966)	902.61	912.80	909.54	925.48	973.25 (26.5)	669.51 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	576.6	551.6	546.1	737.6 (7/1)	478.6 (6/7)
Industrial (1958)	(u)	606.2	608.5	605.1	653.5 (1/5)	537.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	131.30	130.73	130.70	131.30	141.40 (17/6)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	577.45	573.65	574.44	576.47	591.64 (2/7)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	288.1	286.3	284.4	286.2	304.2 (2/4)	279.8 (27/5)
WORLD						
Capital Intl. (1/1/70)	(u)	152.9	152.5	151.8	152.9 (6/1)	143.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

MUI lifts first half earnings by 60%

By Wong Sulong in Kula Lumpur

MALAYAN UNITED Industries, the fast-expanding Malaysian conglomerate, has raised its profits by 60 per cent in the six months ended June. Group pre-tax profit advanced to 23m ringgit ($9.81m) from 14.4m ringgit.

The bulk of the profits came from Central Sugars its publicly-listed subsidiary in which it has a 77 per cent stake. Central Sugar's pre-tax earnings for the six months rose to 17.6m ringgit from 11.7m ringgit due to higher retail prices of sugar.

After tax and minority interest, Central Sugar's net profit attributable to the MUI group was 14.6m ringgit compared with 6.2m ringgit previously. Turnover almost trebled to 156.7m ringgit.

The group said that it has decided not to make an interim dividend, against 5 per cent previously, until the completion of its acquisition of two Singapore hotels, Hotel Malaysia and Ming Court.

Apart from the two Singapore hotels, MUI has announced the purchase of two buildings in Hong Kong — East Ocean Centre, and advance building, at the cost of HK$870m (US$152m). Both the two deals are to be satisfied through the issue of new MUI and Central Sugars shares, but have also been underwritten by a cash option to the venders.

Elf's profit falls

Elf Equitaine, the French state-controlled oil group, reported that first quarter net consolidated income declined 38 per cent to FFr 1.40bn ($246m) from FFr 1.94bn for the same period last year, Reuter reports from Paris. Consolidated turnover advanced 43.2 per cent to FFr 26.17bn ($4.59bn).

Rembrandt Group increases profit as interests diversify

BY JIM JONES IN JOHANNESBURG

REMBRANDT GROUP, the South African-based tobacco, liquor, mining and finance conglomerate, increased its attributable net income by 43 per cent to R169.7m ($194m), in the year to March 31 from R118.7m in the previous year.

Operating income before tax rose to R148.1m from R97.6m in 1979-80, while, in addition, Rembrandt's equity accounted share of the retained after-tax earnings of 38 companies increased to R55.5m from R41m.

Rembrandt is highly reticent about revealing information on its affairs—turnover figures, for example, have never been disclosed. But the year's earnings advance was achieved despite a fall in operating profits of the 44 per cent-owned Rothmans International, of the UK, to £85.1m ($160m) from £102.3m. In April, after the financial year ended, Rembrandt sold half its stake in Rothmans to Philip Morris of the U.S. for $350m.

Though no details are given by the group, it is understood that less than half of the group's earnings came from tobacco interests last year. In South Africa, Rembrandt has a 20 per cent interest in the country's fourth largest bank, Volkskas, 20 per cent of the insurance company, Legal and General Volkskas, 30 per cent of the near-monopolistic wine and spirits producer, Cape Wine, and 25 per cent of Federale Mynbou, the investment company which controls South Africa's second largest mining house, Gencor.

One of the group's major policies is to extend its mining interests outside South Africa, with Europe and North America as prime target areas.

Dividends totalling 37 cents have been declared on earnings per share of 220.2 cents. The year to March 31, 1980, resulted in earnings of 149.5 cents a share, and a total dividend of 30 cents. Rembrandt Group shares closed yesterday in Johannesburg at 985 cents, up 15 cents.

Higher prices boost Bundaberg

BY OUR SYDNEY CORRESPONDENT

BUNDABERG SUGAR of Queensland was able to raise profits for the 12 months ended April 30 by 60 per cent to A$19.3m (U.S.$22m) because a sharp increase in the sugar price offset a production downturn.

The result confirms a buoyant year for the sugar industry despite severe drought conditions throughout much of Queensland.

The annual dividend is being held at 15 cents a share on capital increased by a one-for-two bonus in March, lifting the total payout to A$9.1m.

The result was achieved on a 31.6 per cent sales boost from A$126.7m to A$166.8m.

Sir Roderick Proctor, chairman, said the result was the company's second major profit rise in succession despite production which had been depressed by drought.

"The sugar price used in determining profit for the year was declared by the Sugar Board in June and was A$372.44 per tonne for No 1 pool sugar," he said.

"This price resulted in an increase of A$89.38 per tonne over the 1979 season's average.

He said the company's other activities, which include cattle grazing, distilling, refining and coal mining "played a successful role."

The latest result continues the company's strong recovery from a dramatic slump in 1978 when profit almost halved to A$5.9m. The company's performance has improved considerably since the Castlemaine Perking group, now Castlemaine-Tooheys, tried to take it over in the late 1970's.

West LB elects chief

By Kevin Done in Frankfurt

HERR FRIEDEL NEUBER, president of the Rhineland Savings Banks Association, was yesterday elected chief executive of the troubled Westdeutsche Landesbank, the third largest bank in West Germany, despite votes cast against him in the bank's administrative board.

The appointment follows the earlier resignation of Dr Johannes Völling as chairman of the bank after it became clear that he had lost the confidence of the bank's shareholders, the state of North Rhine Westphalia and the local savings banks associations, following the dramatic slump in the bank's profits last year.

German retailers report divergent sales trends

BY OUR FINANCIAL STAFF

KARSTADT, THE West German department store group, said that sales rose by 9 per cent to DM 4.7bn ($1.96bn) in the first half of this year from the same period last year. The company attributed part of the gain to a sale held during a major anniversary.

Herr Walter Deuss, chairman of the managing board, gave a warning, however, that the group's overall outlook was "overshadowed" by Neckermann Versand, its loss-making mail order house, and its troubled travel subsidiary, Nur Neckermann under Reisen.

Sales of Neckermann Versand rose by only 0.8 per cent in the first half to DM 791.5m ($329m) while the travel subsidiary posted sales of DM 212.4m, up 10 per cent from the first half of 1980. Neckermann's mail order sales alone, however, have risen by 5.1 per cent, the parent company said.

In contrast, Kaufhof, another major West German department store chain, reported parent company sales of about DM 2.7bn ($1.12bn) for the first six months of 1981, down 8.7 per cent from the year-earlier period.

Nissan to phase out Datsun trade name

By Richard C. Hanson in Tokyo

NISSAN MOTOR, Japan's largest motor company, confirmed yesterday a long-rumoured decision to phase out, over the next few years, use of its familiar Datsun brand name in favour of Nissan.

This will be the biggest change in corporate brand names ever in Japan. No precise estimates were available of how much the switch will cost the company, but it will prove expensive. Initial advertising campaigns will get underway shortly.

Nissan made the decision after wrestling for many months with the problem of how to enhance its corporate image around the world. For the past two years Nissan has been expanding its overseas operations rapidly, including joint ventures, production facilities and use of international capital markets to raise funds.

Public opinion polls, however, while revealing a widespread recognition of the Datsun name, show much less awareness of Nissan itself as a global corporation.

In the UK, for example, the independent distributor for Nissan is named "Datsun UK."

The first step will be a world-wide publicity campaign aimed at linking "Nissan" and "Datsun" in the public's mind. A new model to be launched in the U.S. in the near future will carry both names. Phasing out Datsun in Europe will be a slower process to avoid confusing customers.

Datsun in Japan is used on very few models, making the task fairly simple domestically.

Use of the Datsun name goes back to the company's founding in 1914, when according to company tradition, the initials of three early backers were used to spell "DAT." The sound can be written with the Japanese character for "fast rabbit." This was considered a fortuitous mark for a young motor company.

In the 1930s, a small-size "DAT" car was produced dubbed "Son of DAT", and hence Datsun.

Texas-Continental merger recommended

BY LACHLAN DRUMMOND IN NEW YORK

A Civil Aeronautics Board (Cab) administrative law judge has recommended that Texas International Airlines' take-over bid for Continental Air Lines should be allowed to go ahead.

The recommendation threatens the proposals for the employees of Continental to take control of the company through a $185m issue of shares to them.

The employee share ownership plan ran into trouble earlier this week when the Californian authorities ruled that the plan could not go ahead unless a meeting of shareholders was called to approve the deal.

The Continental employees' association is now attempting to convince the California legislature that the plan should be exempted from control by the State's Corporations Commission which was responsible for the order earlier this week.

The recommendation in favour of the Texas bid is subject to full approval of the Cab, and because international routes are involved, Presidential review. The Cab must decide on the matter by August 31.

This deadline leaves the employees little time either to set up a shareholders' meeting or to convince the California legislature that it should be exempted. Texas International already owns 48.5 per cent of the Continental equity and is offering $14 a share in securities or $13 in cash for the remainder. The shares are currently trading at around $10.

Recommending the merger, Judge William Kane said the take-over would not damage competition either regionally or nationally because the two airlines competed only on five inter-city routes and had a joint dominating presence on only one route, on which two other airlines had recently begun services.

Judge Kane said that two U.S. to Mexico routes should not be transferred to the merged airline.

Daf Trucks forecasts loss

BY MICHAEL VAN OS IN AMSTERDAM

DAF TRUCKS, the Dutch truck manufacturer in which International Harvester of the U.S. has a 37.5 per cent interest, will make a loss this year, though this should not reach "dramatic proportions," according to Mr Piet van Doorne, its president.

He said that second-half sales prospects were worse than expected. The company made a net profit of Fl 23m ($8.56m) in 1980 on a turnover of Fl 1.5bn ($559m).

Mr Van Doorne, writing in the staff journal, said that the company's financiers had enough confidence in its future. A sum of Fl 70m would be spent on research and development this year. Last year some Fl 98.7m was earmarked.

He said that as a result of the disappointing development of the truck market short-time working was likely to continue for the rest of this year. Half of the company's 6,000 production staff had been on short-time in the first half.

He said that a programme of improving efficiency was continuing—vacancies, resulting from natural wastage, were not being filled and an early retirement scheme has been implemented. Making a strong appeal for increased wage moderation in the Netherlands, he said: "We produce on the most expensive spot in the world and sell to markets where competitions is fiercest."

LITCO bank takeover approved

BY OUR FINANCIAL STAFF

LITCO BANCORP said its stockholders approved a proposal by Banca Commerciale Italiana to acquire LITCO's stock for at least $35 a share.

Based on LITCO's 2.66m outstanding shares, the transaction has a value of over $93m. LITCO is the holding company for the largest bank on Long Island.

LITCO said the purchase price will be adjusted upward to reflect any increase in its per share book value between March 31 and the close of the quarter immediately preceding the acquisition.

The 48-branch bank had assets of more than $1bn at December 31, 1980.

Monsanto quadruples quarterly income

By Our New York Staff

MONSANTO, the fourth largest U.S. chemicals company, quadrupled its profits in the second quarter of this year, but warned that the rest of the year may not be as robust.

Much of the rise was due to comparison with a very depressed quarter last year when the chemical industry was going through the depths of its recession. But there was also an improvement in agricultural products and textiles.

Second quarter earnings were $93.8m, or $2.35 a share, up from $23.2m, or 64 cents. Sales were $1.86bn, up from $1.55bn.

In the first six months Monsanto earned $269.8m (or $7.18), up from $187.4m (or $5.17) on sales of $3.76bn against $3.37bn.

Prospects for the rest of the year are clouded by the poor state of the housing and automobile markets, due to the high level of U.S. interest rates.

The board said there appears to be little likelihood of a turnround in these sectors of the economy—which are major markets for the company—until around the end of the year.

In fiscal 1980, Monsanto's profits slumped from $331m to $149m or $4.10 a share. But a recovery to around the $10 a share mark has been predicted for this year helped by the absence this time of non-recurring charges, and by better trading in agricultural chemicals and in fibres.

Massey signs refinance deal

By Our Financial Staff

MASSEY - FERGUSON, the Canadian tractor and farm equipment manufacturer, has formally completed its C$725m (US$604m) refinancing. The group has also declared the first cash dividend on its preferred shares since early 1978.

The dividend of 21 cents a share is payable on Series A preferred stock. Earlier this month, Massey cleared about C$33m of dividend arrears on its Series A and B preferred shares by issuing 9.2m common shares to preferred shareholders.

At the formal completion of the complex refinancing arrangements, Massey issued a further 12.7m common shares, bringing its total common shares outstanding to about 40m.

COMMODITIES/REVIEW OF THE WEEK

General rise in London base metals

BY OUR COMMODITIES STAFF

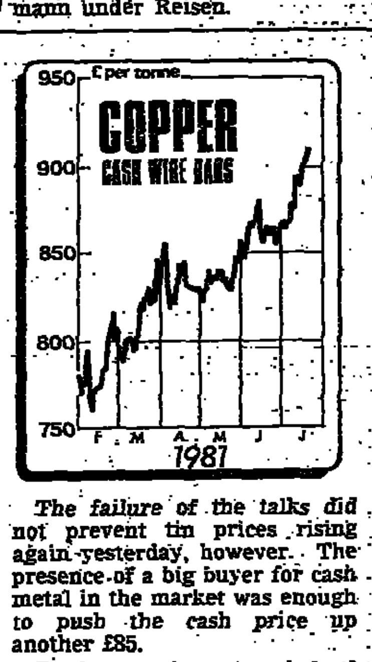
BASE METALS prices on the London Metal Exchange all advanced to new 1981 highs this week as currency considerations, concern over Middle East tension and producer price rises encouraged keen buying.

Cash copper ended £16 up at £900.50 a tonne encouraged by the higher gold price and a U.S. producer price rise.

Cash standard tin gained £345 to £7,060 a tonne despite the failure of the International Tin Council meeting on London to agree a rise in support prices.

The meeting, which was told early in the week of production cuts planned by some leading producers because of inadequate market returns, ended on Thursday after the USSR, the U.S. and Japan turned down a producer call for a 4.5 per cent increase in the buffer stock buying and selling range to 28.50 and 37.05 Malaysian dollars a tonne.

The next Council meeting is scheduled to be held in Kuala Lumpur on October 15-17 and the producer demands are expected to be renewed then. Producers were obviously disappointed that their price rise call was rejected this week but there was no repeat of the angry walk-out which terminated the Council meeting in April.



The failure of the talks did not prevent tin prices rising again yesterday, however. The presence of a big buyer for cash metal in the market was enough to push the cash price up another £85.

Producer prices rises helped lift the lead market against the background of light dealer and producer stocks following recent U.S. and USSR demand. The cash metal price closed at £428.50 a tonne yesterday, up £19.75 on the week.

A £16 rise lifted cash zinc to 471.50 a tonne, its highest level for seven years. Chart buying encouraged by rumours that U.S. producers were planning to raise their prices provided most of the upward impetus.

News that the EEC planned to take part in the provisional application of the International Cocoa Agreement after all helped to lift cocoa prices early in the week. But after fluctuating fairly widely September cocoa ended at £1,071.50 a tonne, up £8 on balance.

Dealers tended to shrug off the announcement of a 46.1 per cent rise in U.S. second quarter 1981 cocoa bean grindings saying this had already been discounted in the recent strong rise.

One London trade house forecast that further rises were coming in the cocoa market. Boustead Commodities, in a report published this week, said even provisional application of the ICA would enable the buffer stock manager to engage in price support operations and this was bound to have some strengthening influence on the market.

There was little fundamental news to affect the coffee market but the September position still managed a £39.50 rise to £643 a tonne. A further rise was indicated by West German trade house Bernhard Rothfos which forecast a short term supply shortage following world export quota cuts imposed by the International Coffee Organisation.

Sugar prices moved higher early in the week but fell back later as concern over tight U.S. supplies eased following recent heavy sales from Brazil. Talk of Chinese and Iranian buying tended to steady the market, however.

WEEKLY PRICE CHANGES

MARKET REPORTS

BASE METALS

BASE-METAL PRICES moved ahead for the third successive day on the London Metal market following reports of increasing tension in the Lebanon.

...months £3,220. Kerb: Three months £3,330. Turnover: 264 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3290-300	+17.5	3275-85	+2.5
3 months	3330-5	+15	3315-25	+1

SILVER

COCOA

RUBBER

COFFEE

GAS OIL FUTURES

GRAINS

heavier offerings developed prices gave way. The market closed at the lows of the day, reports C. Czarnikow.

SOYABEAN MEAL

SUGAR

POTATOES

COTTON

WOOL FUTURES

AMERICAN MARKETS

Tuesday's closing prices

NEW YORK, July 16.

INDICES

FINANCIAL TIMES

MOODY'S

DOW JONES

REUTERS

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. Φ Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Mc—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BANKS, DISCOUNT (695)

BREWERIES (340)

COMMERCIAL (5,935)

A—B

AAA Inds. 41
AAH 185
AB Electronic Prods Grp 138 40 (15/7)
AD Intnl. 64½
AE PLC 38 ½ 9½
AECI 27
AGB Research (10p) 242 4 7. New 242 4 5
AI Industrial Prods. 22
APV Hldgs. (50p) 258. 10¼pcLn. 170 (10/7)
Aaronson Bros. (10p) 54 (15/7)
Abbey 37 (15/7)

Barget 212 5 7 8 20 2 3 5
Barker, Dobson Grp. (1p) 1½ 8 ¼ ½ ¾
Barlow Rand (R0.10) 420
Barr (A. G.) 230 (14/7)
Barr, Wallace Arnold Tst. 76 (15/7). Do A (Non-vtg) 72
Barratt Developments (10p) 225 7 8 9 30
Barrow Hepburn Grp. PLC 33 4
Barton 25
Bassett (Geo.) Hldgs. 61 2
Bath. Portland Grp. 60 1 2
Batleys of Yorkshire (10p) 55. Do. Dfd. Ord. (12½p) 45 (15/7)
Beales (John) Assoc. Companies (20p) 33

C—D

E—F

EIS Grp. PLC 137 8
E.R.F. (Hldgs.) 37 9 40 (15/7)
Early (Charles) Marriott (Witney) (10p) 21
East Lancashire Paper Group 65
East Midland Allied Press 112 (10/7). Do. A 112 4
Eastern Produce (Hldgs.) (50p) 69 (15/7). Do. Wnts. to sub. Ord. 15
Edbro (Hldgs.) 12
Elbar Indust. (50p) 155 (15/7)
Elbief (10p) 12½ (15/7)
Eleco Hldgs. (10p) 72 3 (15/7)
Electrocomponents (10p) 760 70 (15/7)
Electronic Machine 48
Electronic Rentals 108 11 2
Ellenroad Mill 17 (13/7)

G—H

Goodwin (R.) Sons (Engineers) (10p) 9 (15/7)
Gordon Gotch Hldgs. 163
Gordon (L.) (10p) 40 1 (15/7)
Grampian Hldgs. 66 7 (14/7)
Granada A 229 30 1 2 3 ¼ 4
Grand Metropolitan (50p) 211 2 3 4
Grattan Warehouses 86 7 8 9
GUS 497. A 446 7 50 1 2 3 4 5 6 60 1 2
Greatermans Stores A (R0.50) 470 (10/7)
Greenbank Ind. Hldgs. (10p) 25
Greenfields Leisure (10p) 30 (14/7)
Green's Economiser Grp. 117½ 9
Grimshawe Hldgs. (20p) 30
Gripperrods Hldgs. (10p) 140 (15/7)
Grp. Lotus Car (10p) 30 (15/7)

Glynwed 82 ½ 3½. 6pcLn 66½ (15/7)
Gnome Photographic Prods. (10p) 54 (14/7)
Goldberg (A.) Sons 63 4
Goldman (H.) (10p) 39 43
Gomme Hldgs. 30 (15/7)
Goodkind (W.) Sons (10p) 45½ 6
Goodman Bros Stockman (5p) 11½

I—J—K

J.B. Hldgs. (10p) 68 9 (15/7)
Jacks (W.) and Co. 21 (13/7)
Jackson (J. and H. B.) (5p) 69 ½ (13/7)
Jacksons Bourne End 182 (15/7)
James (Maurice) Inds. (10p) 22½ 3
Jamesons Chocolates (10p) 750
Jarvis (J.) and Sons 210 (15/7)

L—M

N—O—P

Q—R—S

T—U—V

United Spring Steel Group (10p) 15
Unochrome Industries (10p) 14 5
Upton (E.) Sons 41Φ. A NV 40 (15/7)
Usher-Walker (10p) 61 (10/7)
Utico Holdings (R1) 125 (15/7)

Valor 58 9 60
Vantona Group (20p) 123 (13/7)
Vectis Stone Group (10p) 32 (15/7). New (10p) 31½ (13/7)
Vereeniging Refractories (R0.50) 385 (10/7)
Vibroplant Holdings 190 5 (15/7)
Vickers (£1) 152 3 4 5 6
Victor Products (Wallsend) 150
Victoria Carpet Holdings 23 4 (10/7)

W—Y—Z

FINANCIAL TRUSTS

Canadian Foreign Inv. Tst. 176 (14/7)
Capital Natl. Tst. 166 6 (14/7)
Cardinal Inv. Tst. Dfd. 139
Cedar Inv. Tst. 91
Charter Tst. Agency 74½
City Coml. Inv. Tst. Inc.Shs. 35½. Cap.Shs. (£1) 264 5 (14/7)
City Foreign Inv. 889 (15/7)
City Oxford Inv Tst. 110 2
Claverhouse Inv. Tst. (50p) 135
Colonial Secs. Tst. (5p) 58 (14/7)
Continental Ind. Tst. 270 1
Continental Union Tst. 153
Crescent Japan Inv. Tst. (50p) 345 6 8
Crossfriars Tst. 120 (15/7)
Cystic Fibrosis Research Inv. Tst. (£1) 115 (10/7)

INSURANCE (309)

INVESTMENT TRUSTS (238)

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16
Aug. 17	Aug. 28	Nov. 19	Nov. 30

For rate indications see end of Share Information Service

Money was given for the call in Keith Collins Petroleum, FNFC, Campari, Ultramar, Fisons, Ventersport, Bula, Royal Insurance, Premier Oil, I.Barget and Singlo. A put was done in Land Securities, while doubles were arranged in FNFC and Chloride.

Decline in British textiles industry 'slowing down'

BY RHYS DAVID

THE DECLINE in activity in the UK textile and clothing industries has now slowed down considerably, yet evidence of bottoming out is inconclusive. This view is expressed today by the Textiles Statistics Bureau in its latest quarterly report.

The bureau estimates production in the textiles sector (excluding man-made fibres) was 1.5 per cent down in the first quarter on the preceding quarter and 18 per cent down on the same quarter a year ago.

The rate of decline in employment has also slowed down. The number in work in March was 8,000 fewer than in December and 60,000 fewer than a year earlier.

The main reasons for the slowing down in the rate of decline were an easing in the level of stock run-down by retailers in the first quarter and relatively buoyant final demand from consumers partly as a result of vigorous price cutting.

The balance of trade in textiles and clothing—the other factor which determines the industry's level of activity—is not known because of the Civil Service strike. But the Bureau reckons the worsening in the industry's export position which emerged in the second half of last year, will have continued in the first months of 1981.

On a world-wide basis, the bureau reports a continuation of the decline in activity which started about the middle of the year, in the cotton and allied textiles sector. The weight of yarn spun in the main non-Communist countries was 5 per cent less in the first quarter of this year than in the same period of 1980. Fabric exports from the U.S. and West European countries were sharply down too.

Elsewhere, the scheme put forward by the Clothing Economic Development Committee for a UK clothing brand name available under licence to manufacturers, and backed by extensive promotion, has been dropped. A group of 12 big clothing and knitwear manufacturers decided at a meeting with EDC officials last week that the scheme is proposed did not meet their needs.

● A cautiously optimistic view of the textile industry's prospects is taken by stockbrokers Phillips and Drew in its half-yearly survey of the industry.

"Although the first half of 1981 will have remained very depressed, recent monthly figures suggest that output has at least stopped falling and order-books are a little better in some areas," says the review.

"Any improvement in second half volumes is unlikely to be sufficient to prevent a further sharp fall in output in total this year, but profits should be benefiting now from the substantial loss elimination programmes in which many groups are engaged."

An improvement in the very depressed levels of profitability, therefore, should be seen overall in 1981, the brokers forecast.

"This should accelerate next year and, given the key assumption of some further weakness in sterling, a recovery to near peak profits is possible in many cases over the next two years."

Record year seen by Leigh Interests

Mrs Joan Agar, chairman of Leigh Interests forecast the current year would again see the company return record profits.

Speaking at the AGM she said difficult trading conditions persisted and there was continuing evidence that the company's first half-year result would be significantly down on last year.

The board was looking to develop the group into areas which were more depression-resistant and would not be adversely affected by the economic state of the country.

It was also streamlining the company's operation to improve profitability.

Neither of these steps would have any substantial effect on the first half but should considerably enhance the results for the second six months.

Phillips Patents still in loss

Despite almost unchanged second half profits of £122,970 against £128,956, Phillips Patents (Holdings) finished the year to February 28 1981 in the red, with a pre-tax loss of £64,882 compared with a surplus of £17,931. At the interim stage, losses were up from £111,025 to £187,852.

After tax credits of £266,337 (£29,479), the attributable surplus came through at £201,455 against £47,410, and the single dividend is maintained at 1p net.

Earnings per 25p share are shown up from 0.9p to 5p and on a CCA basis, there is a loss of £24 before extraordinary credits of £178,000 (£93,345).

Turnover of the group, which manufactures a range of goods from rubber and allied materials, went ahead from £4.98m to £5.16m.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or —	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
§35	F.P.	22/7	37	28	Allied Residential 10p	33	—1	b2.45	2.0	10.6	6.9
—	F.P.	—	140	137	Bonusbond	138	......	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	✻Bula Resources	35	—1	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	86	—1	b3.7	2.2	6.2	8.7
—	F.P.	—	14	10	Comtech 10p.	12	......	—	—	—	—
ǁ ǁ	F.P.	—	25	18½	††Energy Sources	18½	—½	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6½	—½	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	22	......	—	—	—	33.6
72	F.P.	—	66	58	✻Jackson Explorat'n.	66	......	Q1.5a	—	1.3	—
95	F.P.	7/8	85	69	KCA Drilling	77	+4	b3.75	1.7	7.0	9.9
140	F.P.	—	207	194	Memec 10p	198	—4	b30	2.3	2.2	28.6
$12	F.P.	—	640	525	Mexico Fund	525	......	—	—	—	—
§51	F.P.	20/7	69	61	✻Microfilm Repro.	65	......	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	99	......	—	—	—	—
§44	F.P.	30/6	58	40	✻Selectv	41	......	—	—	—	—
§83	F.P.	17/7	90	80	✻Stanelco	84	......	—	—	—	25.8
§155	F.P.	3/8	205	190	✻Star Computer	200	......	2.0	4.3	1.4	20.8
§90	F.P.	31/7	100	92	✻Trident Comp.Serv.	100	......	bd1.5	4.0	2.1	16.8
§80	F.P.	14/7	91	85	✻UnitedCeramicDist	88	......	b4.2	1.9	6.8	10.1
100	F.P.	15/7	104	98	Utd. Comp. & Techgy	98	—1	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	96	......	u0.75	6.3	1.1	15.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or —
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	107	......
99.87	F.P.	16/7	99½	96	Finland 14½% Ln. 1986	96	—½
98½	£25	—	25½	24¼	Inco 15¾% Uns. Ln. 2006	24¾	—½
¶97	£10	—	10	8½	Mid-Kent Water 9% Red. Prf. 1987	8½	......
¶100	F.P.	28/8	98½	96½	Mid-Southern Wat. 9% Red. Pref. '86	96½	......
ǁ	F.P.	17/7	104½	99	Mount Charlotte 9½% Cnv. Ln. 1995-2000	99	......
99	F.P.	27/8	99	90½	Newcastle Water 7¾% Red. Pref. 1986	90½	......
100ǁ	Nil	23/7	9pm	1pm	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	5½pm	+½
¶98	F.P.	28/8	92½	79½	Sunderland & S. S. Water 9% Red. Prf. '87	81	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing price p‡	+ or —
190	F.P.	6/7	4/9	246	222	AGB	246	......
22	Nil	—	—	2pm	1½pm	A.I.D.	2pm	......
45	Nil	23/7	28/8	9pm	5pm	Brongreen	7pm	—½
275	125p	13/7	2/12	171	130	B.P.	148	—2
165	F.P.	3/7	7/8	191	178	Crouch (D.)	180	......
375	F.P.	10/7	7/8	410½	400	English Association	405	......
30	F.P.	6/7	7/8	87	76	Euro Ferries	83	—1½
55	F.P.	12/6	11/8	68	63½	Fine Art	65	......
265	F.P.	13/7	10/8	380	339	Flight Refuelling	368	......
90	F.P.	10/7	21/8	132	121½	Goera Gross	124	—1
250	F.P.	17/6	24/7	346	269	G.R.E.	334	—8
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	105	......
205	F.P.	8/6	24/7	270	246	Horizon Travel	246	—6
315	F.P.	26/6	7/8	343	327	Lyle Shipping	327	—5
70	F.P.	17/6	24/7	84	72	Northern Engineering	81	—1
60	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	67	—1
60	F.P.	26/6	7/8	69	62	Second City Props	66½	......
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	10	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ǁ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ǁǁ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Ailsa Inv.	218	+13	KCA	148	+ 6
Distillers	226	— 8	Lloyds Bank	420	+20
Driefontein	£13⅝	— 0⅝	Midland Bank	350	+10
Finlan (J.)	158	—	Shell Transport	370	— 4
Harris (Ph.)	97	+15	Tanks Con.	300	— 3
Jo'burg Cons.	£36⅝	+ 0⅝	Wiggins Const.	66	+ 6

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
GUS "A"	16	458	+10	LASMO	10	545	+15
GEC	15	730	—10	Shell Transport	10	374	— 2
BP "New"	13	150	—	Tricentrol	10	254	+ 4
Ultramar	13	465	+ 7	Boots	9	224	+ 3
Thorn EMI	11	428	— 2	Distillers	9	232	+ 2
Bell (A.)	10	145	+ 8	Racal Elecs.	9	411	— 6
Firth (G. M.)	10	108	+ 6	Rothmans Intl.	9	72½	+ 2½

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thursday's closing price pence	Change on week	Stock	No. of price changes	Thursday's closing price pence	Change on week
Thorn EMI	92	426	+41	Berec	68	90	+20
BP	84	300	+18	Ultramar	66	465	+47
Shell Transport	84	374	+38	Land Sec.	65	347xr	+30
GEC	78	730	+10	Marks & Spen.	64	132	+ 3
Comm. Union	76	182	+ 8	Town and City	60	28⅞	+ 1½
RTZ	70	525	+15	GUS "A"	59	458	+23
Barclays Bank	68	445	+17	NatWest Bank	58	410	+28

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

* Denotes Irish currency.

Adnams B 945 (15/7)
Adnams A 265
All England Lawn Tennis Gnd. 550Dbs. 1981-85 £5,400 (15/7)
Ann Street Brewery 300 8
Asprey 822 (13/7)
Aston Villa FA (1 vote) £10½ (10/7)
Ayrton Saunders 37 (13/7)
Baker Electronics 41 (10/7)
Berry Bros. 7½pcPf. 40 ½ (14/7)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Barkeley Exploration and Production 383 5 7 8 90
Candecca Resources 200 1
Eglinton Oil and Gas 20 (15/7)
Exploura Gold 6½ 7
Kenmare Oil Exploration 24 (15/7)
Kenmare Oil Exploration New (Nil Paid) 4 6
Marinex Petroleum 135
Steaua Romana (British) 67 70
Sun Oil (UK) Oil Royalty 305 10 5 20

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Basildon (0268 22881)	13⅞	½-year	5,000	6-10
Knowsley (051-548 6555)	12½	½-year	1,000	1-3

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—
Alliance	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.50 5 yr., 9.50 1 mth. not. & int. loss
Bradford and Bingley	8.25	8.50	9.75	9.25 1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50 5 yrs., 9.60 2½ yrs.
Bristol Economic	8.25	9.50	9.75	9.25 3 months' shares. Escalator shares 9.00-10.50 (1-5 years)
Britannia	8.25	8.50	9.75	10.00 5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	10.50 5 yrs., 9.50 3 months' notice
Cardiff	8.25	9.50	10.50	—
Catholic	8.25	8.75	9.75	— 8.95 over £5,000
Chelsea	8.25	8.50	9.75	10.50 5 yrs., 9.90 1 yr., 9.50 3 months
Cheltenham and Gloucester	8.25	8.50	9.75	—
Citizens Regency	—	8.75	10.00	10.75 5 yrs., 9.75 3 yrs., 9.25 1 yr.
City of London (The)	8.50	8.75	9.60	9.41 9 mth. withdraw., increment sh.
Coventry Economic	8.25	8.50	9.75	10.00 4 yrs., 9.50 3 yrs., 9.25 3 mths.
Coventry Provident	8.25	8.50	10.50	10.55 av. 5 yr., 10.00 4 yr., 9.25 3 mths.
Derbyshire	8.25	8.50	9.75	8.75 to 9.25 3 months
Ealing and Acton	8.25	9.00	—	9.65 2 years, £2,000 minimum
Gateway	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	9.50	—	— Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.75	10.00	9.50 2 yrs., 9.75 3, 10.25 4, 10.75 5 yrs.
Guardian	8.25	8.75	—	10.00 3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	— 3 mths. notice 9.25, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00 4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25 6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75 5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.50	11.50	10.10 (1 year)
Leeds Permanent	8.25	8.50	9.75	9.25 E. I. a/c £500 min., 9.50 £5,000+
Leicester	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	9.55 5 yrs. 1 month interest penalty
London Grosvenor	8.25	9.00	11.00	9.50 6 months' notice
Melton Mowbray	8.35	8.60	9.75	10.10 4 yrs., 8.85 (up to £1,000) 3 mths. not. 9.60 (over £1,000) 3 mths.
Mornington	9.10	9.60	—	—
National Counties	8.50	8.80	9.80	9.50 35 days' notice, Min. dep. £500 6 month 9.90
Nationwide	8.25	8.50	9.75	10.50 5 yrs., 9.50 1 month's notice
Newcastle	8.25	8.50	9.75	10.50 4 yrs., 9.25 2 months' notice
New Cross	9.00	9.25	—	9.25-10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50 3 yrs., 9.25 2 yrs., min., £500
Paddington	8.00	9.00	10.50	10.00 Loss 1 mth. int. on sums wdn.
Portman	8.25	8.50	9.75	10.50 5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	10.30	10.85 (5 yrs.), 10.25 (6 months)
Property Owners	8.50	9.00	10.50	10.50 4 yrs., 10.50 6 mths., 9.80 3 mths.
Provincial	8.25	8.50	9.75	10.00 3 yrs.
Skipton	8.25	8.50	9.75	10.50 5 yrs., 9.60 wdl. 1 mth. loss int.
Sussex County	8.50	8.75	10.55	11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50	9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75 6 months' notice, min. £1,000
Wessex	8.50	9.60	—	—
Woolwich	8.25	8.50	9.75	10.50 5 yrs., 8.75 6 mths.

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

MONEY MARKETS

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

The Treasury bill rate rose sharply at yesterday's tender by 0.7338 per cent to 13.4703 per cent and the minimum accepted bid fell to £96.64 from £96.79. Bids at that level were met as to about 77 per cent and above in full against 65 per cent the previous week. The £200m of bills on offer attracted bids of £263.495m and all bills offered were allotted. Next week a further £200m of bills will be on offer, replacing maturities of £100m. In addition the authorities will issue a further £800m of bills maturing on September 1 to offset the payment of petroleum revenue tax due on that date.

Day to day credit was in short supply in the money market and the authorities gave assistance by buying a small amount of commercial bills from the market at 12-12⅛ per cent for resale on July 24. The market was faced with a small excess of revenue transfers over Government disbursements and a small increase in the note circulation. On the other hand banks brought forward balances a small way above target. Interest rates were sharply higher following the announcement of next week's increased tender while weekend interbank money traded between 11 per cent and 12½ per cent for much of the day.

EXCHANGES AND BULLION

Trading was fairly quiet in currency markets yesterday ahead of the weekend and U.S. money supply figures which were due for release in New York after the close of business in London. Sterling was helped earlier in the day by rumours that clearing banks' base rates were to be raised and received further impetus later in the day on the announcement by the Bank of England of a £1bn Treasury bill tender next Friday. Against the dollar sterling opened at $1.8660 and had improved to $1.8825 by noon. During the afternoon it touched a best level of $1.8900 before closing at $1.8850-1.8860, a rise of 20 points from Thursday's close in London. On Bank of England figures, its trade weighted index rose to 92.4 from 92.1, having stood at 92.1 at noon and 91.8 in the morning.

The dollar was generally firmer against most currencies, reflecting a continued firm trend in both U.S. Federal fund rates and Euro-dollar rates. Against the D-mark it finished at DM 2.4215 compared with DM 2.4095 and SwFr 2.0810 SwFr 2.0730 in terms of the Swiss franc. It rose to FFr 5.7535 against the French franc from FFr 5.7070 and was higher against the yen at Y231.8 compared with Y231.25. On Bank of England figures, the dollar's index rose to 110.7 from 110.1.

Gold finished at $417-419, a rise of just $½ an ounce from Thursday and unchanged on the week.

THE POUND SPOT AND FORWARD

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8650-1.8900	1.8850-1.8860	0.90-1.00c dis	−6.05	2.10-2.20dis	−4.58
Canada	2.2500-2.2750	2.2715-2.2725	0.95-1.05c dis	−5.28	2.80-2.95dis	−5.06
Nethlnd.	5.04-5.10	5.08½-5.09½	⅞-⅝c pm	1.47	2½-1½ pm	1.57
Belgium	74.10-75.00	74.70-74.80	35-45c dis	−6.42	90-100 dis	−5.08
Denmark	14.18-14.32	14.27-14.28	6¾-7⅞ore dis	−6.15	16⅞-18⅞ dis	−5.01
Ireland	1.2420-1.2570	1.2545-1.2560	0.08-0.21p dis	−1.39	0.61-0.74dis	−2.15
W. Ger.	4.52-4.58	4.56-4.57	1-½pf pm	1.97	2⅞-1⅞ pm	1.84
Portugal	119.80-121.80	121.40-121.80	55-125c dis	−9.38	140-295 dis	−7.16
Spain	180.50-183.00	182.75-183.00	80-110c dis	−6.23	225-265 dis	−5.36
Italy	2256-2278	2276-2278	33½-35½ lire dis	−18.18	86-89 dis	−15.37
Norway	11.33-11.49	11.47½-11.48½	½ore pm-⅛ dis	−0.13	2⅛-⅞ pm	0.70
France	10.74-10.86	10.84-10.85	7½-8½c dis	−8.85	21½-22½ dis	−8.11
Sweden	9.64-9.76	9.74½-9.75½	1-1⅞ore dis	−1.77	2⅞-3⅞ dis	−1.33
Japan	430-440	436½-437½	2.65-2.30y pm	6.80	7.30-6.90 pm	6.50
Austria	31.85-32.25	32.15-32.20	3gro pm-2 dis	0.19	9 pm-1 dis	0.50
Switz.	3.88½-3.94½	3.92-3.93	1½-1c pm	3.82	3⅞-2⅞ pm	3.31

Belgian rate is for convertible francs. Financial franc 78.65-78.75. Six-month forward dollar 3.55-3.65c dis, 12-month 5.05-5.25c dis.

GOLD

	July 17		July 16	
Gold Bullion (fine ounce)				
Close	$417-419	(£221-222)	$416½-418½	(£218-219)
Opening	$416-418	(£221-222)	$411-412½	(£220¼-222)
Morning fixing	$414.50	(£220.890)	$417.25	(£221.706)
Afternoon fixing	$415	(£220.944)	$418.25	(£222.001)
Gold Coins				
Krugerrand	$435-436	(£230½-231)	$428-429	(£227½-228)
1/2 Krugerrand	$224¼-225¼	(£118¾-119¼)	$222-223	(£118-118½)
1/4 Krugerrand	$114¼-115¼	(60½-61)	$113-114	(£60-60½)
1/10 Krugerrand	$46½-47½	(£24½-25)	$46-47	(£24½-25)
Mapleleaf	$425-428	(£225¼-226¾)	$419-420	(£222¾-223¼)
New Sovereigns	$105¼-106	(£55¾-56¼)	$103¾-104½	(£55-55½)
King Sovereigns	$115-117	(£61-62)	$115-117	(£61-62)
Victoria Sovs.	$115-117	(£61-62)	$115-117	(£61-62)
French 20s	$111-116	(£58¾-61½)	$109-115	(£58-61)
50 pesos Mexico	$523-527	(£277¼-279¼)	$516-520	(£274¼-276½)
100 Cor. Austria	$407-411	(£215¾-217¾)	$401-405	(£213¼-215¼)
$20 Eagles	$544-549	(£288¼-291)	$542-547	(£288¼-290¾)

EXCHANGE CROSS RATES

July 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.886	4.565	437.0	10.845	3.925	6.090	2277.	2.272	74.75
U.S. Dollar	0.530	1.	2.421	231.8	5.752	2.082	2.700	1208.	1.205	39.64
Deutschemark	0.219	0.413	1.	95.73	2.376	0.860	1.115	498.8	0.498	16.37
Japanese Yen 1,000	2.288	4.315	10.45	1000.	24.82	8.982	11.65	5211.	5.199	171.1
French Franc 10	0.922	1.739	4.209	403.0	10.	3.619	4.693	2100.	2.095	68.93
Swiss Franc	0.256	0.480	1.163	111.3	2.763	1.	1.297	580.1	0.579	19.04
Dutch Guilder	0.196	0.370	0.897	85.85	2.131	0.771	1	447.3	0.446	14.69
Italian Lira 1,000	0.439	0.828	2.005	191.9	4.763	1.724	2.235	1000.	0.998	32.83
Canadian Dollar	0.440	0.830	2.009	192.3	4.773	1.728	2.240	1002.	1.	32.90
Belgian Franc 100	1.338	2.522	6.107	584.6	14.51	5.251	6.809	3046.	3.039	100

EURO-CURRENCY INTEREST RATES *(Market closing Rates)*

July 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13½-14	18⅜-18⅝	17½-18	11⅞-12	1-1½	11⅛-11⅜	20-22	20-25	14-18	6¼-6½
7 days' notice	13⅛-14	18½-18¾	17½-18	11⅞-12	1½-2	11⅛-11⅜	20-22	27½-31½	16-20	6½-6¾
Month	13⅞-14⅛	19¼-19¾	18⅞-19¼	12-12⅛	8⅞-9	12⅛-12¼	21¾-23¼	29½-31½	17½-18½	7⅛-7⅜
Three months	14⅛-14⅜	18⅜-18⅝	18⅞-19¼	12¼-12⅜	9¾-9⅞	12¼-12⅜	21½-23	29-30½	17¾-18¾	7⅜-7⅝
Six months	14¼-14½	18⅛-18⅜	18¾-19⅛	12¼-12⅜	10-10⅛	12⅛-12⅜	20¼-21¾	29-30	18-19	7⅞-8⅛
One Year	14¼-14½	16⅞-17⅛	18⅝-18⅞	12⅛-12¼	9⅛-9⅜	12⅛-12⅜	19-20	26½-27½	16¾-17¾	8⅛-8⅜

SDR linked deposits: one-month 16⅞-16½ per cent; three-months 15⅞-16⅛ per cent; six-months 15⅞-15⅞ per cent; one-year 14⅞-15⅞ per cent.

ECU linked deposits: one-month 16⅛-16½ per cent; three-months 16⅛-16⅜ per cent; six-months 16-16⅜ per cent; one-year 15⅛-15⅜ per cent.

Asian $ (closing rates in Singapore): one-month 19½-19⅝ per cent; three-months 18⅞-18⅞ per cent; six-months 18⅞-18⅞ per cent; one-year 16¾-16⅞ per cent. Long-term Eurodollar two-years 16⅜-16⅝ per cent; three-years 16¼-16½ per cent; four-years 16-16⅛ per cent; five-years 15⅞-16⅛ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.25-18.35 per cent; three-months 17.90-18.00 per cent; six-months 17.55-17.65 per cent; one-year 16.40-16.60 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/8	offer 18 3/4	bid 18 1/4	offer 18 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 17 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	11 25	12⅛	—	—	11½-12⅛	10½-12	—	—	—
2 days notice	—	—	12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-13½	12⅝	—	13¾	12¼-12¾	12	—	—	—
One month	14½-14	12⅞-14¼	13	13⅞-13⅝	14⅜	—	12-12¼	13¼-13⅜	13¼-13⅞	13¾
Two months	14¼-13⅞	13⅝-14¼	—	14⅜-14	14¾	—	12¼-12½	13⅛-13¾	13⅜-13⅞	14⅛
Three months	14¼-14	13½-14⅜	13⅛	14½-14	14¾	—	12⅛-13	13½-13⅝	13⅝-13⅞	14⅛
Six months	14⅜-14⅛	13¾ 14⅜	13⅝	14-13½	14¾	—	—	—	13⅝-13½	13⅞
Nine months	14⅜ 14⅛	13¾-14⅜	—	14½-14	14¾	—	—	—	—	—
One year	14⅜-14⅛	13⅞-14⅜	13⅞	14½-14	14¾	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅞ per cent; four-years 14¾ per cent; five-years 14½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13½-13⅝ per cent; four-months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills —— per cent; two-months —— per cent; three-months 13⅜ per cent. Approximate selling rate for one-month bank bills 13-13⅛ per cent; two-months 13⅛-13⅜ per cent; three-months 13⅛-13⅜ per cent; one-month trade bills 13½ per cent; two-months 13⅞ per cent; and three-months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.4703 per cent.

CURRENCY MOVEMENTS

July 17	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.4	−31.4
U.S. dollar	110.7	+3.9
Canadian dollar	88.1	−17.3
Austrian schilling	111.6	+21.7
Belgian franc	104.8	+8.9
Danish kroner	86.0	−11.3
Deutsche mark	116.5	+38.8
Swiss franc	136.4	+83.7
Guilder	107.8	+14.1
French franc	82.7	−11.4
Lira	57.4	−55.9
Yen	139.5	+33.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

July 17	£	$		£ Note Rates
Argentina Peso	8849-8869†	4689-4699†	Austria	31.75-32.10
Australia Dollar	1.6450-1.6490	0.8725-0.8730	Belgium	77.60-78.60
Brazil Cruzeiro	174.05-175.05	92.74-93.20	Denmark	14.20-14.35
Finland Markka	8.51-8.52	4.5250-4.5260	France	10.71-10.81
Greek Drachma	108.298-112.842	59.20-59.30	Germany	4.54-4.58
Hong Kong Dollar	10.649-10.669	5.66-5.67	Italy	2215-2275
Iran Rial	152.00*	81.00*	Japan	436-442
Kuwait Dinar(KD)	0.525-0.531	0.2828-0.2831	Netherlands	5.05-5.08
Luxembourg Fr.	74.70-74.80	39.64-39.66	Norway	11.32-11.44
Malaysia Dollar	4.42-4.43	2.3495-2.3515	Portugal	118-125
New Zealand Dlr	2.2440-2.2490	1.1900-1.1910	Spain	178-182¼
Saudi Arab. Riyal	6.34-6.40	3.4115-3.4145	Sweden	9.66-9.76
Singapore Dollar	4.0560-4.0660	2.1565-2.1585	Switzerland	3.90-3.94
Sth African Rand	1.7310-1.7325	0.9180-0.9190	United States	1.87¼-1.88¾
U.A.E. Dirham	6.83-6.89	3.6720-3.6740	Yugoslavia	70-74

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,146-12,186 and for the dollar 6,450-6,500. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2973	+1.22	+1.35	±1.5361
Danish Krone	7.91917	7.88635	−0.41	−0.28	±1.6413
German D-Mark	2.54502	2.51946	−1.00	−0.87	±1.1386
French Franc	5.99526	5.98236	−0.22	−0.09	±1.3638
Dutch Guilder	2.81318	2.80587	−0.26	−0.13	±1.5159
Irish Punt	0.685145	0.691461	+0.92	+1.05	±1.6688
Italian Lira	1262.92	1255.06	−0.62	−0.62	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

U.K. CONVERTIBLE STOCKS 18/7/81

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates⊕	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◇ Current
British Land 12pc Cv. 2002	9.71	329.00	333.3	80-97	3.7	0.6	−1.3	−4 to 1	18.8	88.2	20.8	+22.1
Hanson Trust 6½pc Cv. 88-93	3.02	156.00	57.1	76-82	4.2		−1.8	−7 to −0	3.6	3.2	−0.3	+1.5
Slough Estates 10pc Cv. 87-90	5.31	262.00	187.5	78-85	3.8		−1.6	−6 to 1	29.6	28.2	−0.5	+1.1
Slough Estates 8pc Cv. 91-94	24.88	120.00	78.0	80-91	6.7	5.4	8.3	6 to 19	29.2	45.5	14.7	+6.4

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Fresh upward pressures on interest rates puts Gilts down to 19-month lows—Leading equities also lower

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 22	July 23	Aug 3
July 24	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Beset by mounting pressures for higher interest rates and by cyclical indicators showing no sign of an economic upturn, London stock market continued uncertainly; in the circumstances, the continuing encouraging trend in RPI had no apparent impact on sentiment. Yesterday's liquidity shortage in money markets and the resultant rise in short-term rates made for caution in both the main investment sectors. Selling was generally light but it fell on markets experiencing slack demand.

Limited activity continued to centre on situation issues and news items. This was especially notable in Banks following the afternoon announcement of Lloyds' interim results. The latter's 20 per cent increase in profits triggered considerable support not only for Lloyds but also for the other three clearers, due to report over the next three weeks starting with NatWest on July 28.

The generally easier trend gathered momentum after the official close and most leading shares closed at the session's lowest; this was measured by a loss of 5.6 in the FT Industrial Ordinary share index to 523.7. Distillers were among the hardest hit of the index constituents with a fall of 6 to 226p, influenced by second thoughts about the previous day's preliminary statement.

Interest rate fears and the weaker pound again depressed Gilt-edged securities. The shorts were particularly influenced by yesterday's events in the money markets and met with an increased volume of selling. This led to some 1986 maturities losing as much as ⅜ and, among the mediums, Exchequer 12½ per cent 1990 fell a similar amount to 87½. Longer-dated stocks rarely closed more than ¼ lower, while the FT Government securities index fell 0.45 to a 19-month low of 63.45.

Interest in Traded options was mainly confined to three issues. British Petroleum were again active and recorded 259 calls and 104 puts, while Courtaulds attracted 269 calls. ICI were dealt in for 293 calls ahead of interim results due at the end of the month. The week's daily average amounted to 1,398, well below last week's 1,836.

Unsettled by rumours of base rate increases, later denied, the major clearing banks came to life following the better-than-expected interim results from Lloyds. Standing 4 cheaper awaiting the results, Lloyds picked up on the announcement to close 20 up at a new high of 420p. NatWest, the next of the big four to announce interim results, advanced 15 to 425p, while Barclays, 455p, and Midland, 350p, firmed 10 apiece. Elsewhere in the Banking sector, Grindlays, 230p, shed another 10 as bid hopes faded, while Arbuthnot Latham, a thin market, dropped 32 to 300p, after 288p, on news that two directors are on leave of absence pending the outcome of certain inquiries in connection with stockbrokers Halliday Simpson which recently went out of business.

Quietly dull conditions prevailed in recently firm Insurances. Commercial Union slipped to 177p before closing 2 cheaper on balance at 180p. Eagle Star shed 4 to 301p and Sun Alliance 8 to 890p, while General Accident and Guardian Royal Exchange gave up 6 apiece to the common price of 334p.

Few movements of note were evident in the drinks sector, although Distillers were marked 6 lower to 226p on further consideration of the annual results.

Leading Buildings drifted lower on sporadic offerings, Blue Circle softening 4 to 468p and London Brick 1½ to 66p. By contrast, certain secondary issues were actively traded and Wiggins Construct rose 9 to 66p on the return to profitability, while John Finlan, already up 18 in four days on speculative buying, advanced to 168p before profit-taking left the close unchanged on balance at 158p following news that the company is involved in discussions with an unnamed party. Westbrick Products eased 3 to 80p on the termination of talks with C. H. Beazer, which recently bought 11.5 per cent of the Westbrick equity at 75p per share in a dawn raid: Beazer added 3 to 117p.

The last trading and option declaration days for the Account due for settlement on August 3 have been brought forward by one day to July 23 and July 22 respectively. Dealings for the following Account will now start on Friday July 24.

International Paint rose 7 for a two-day gain of 17 to 182p, after 184p, on hopes that Courtaulds, a penny of at 64p, may buy the minority interest. Allied Colloids, down 7 on Thursday on the preliminary results and cautious statement, shed 3 more to 143p, while Brent Chemical came on offer and gave up 4 to 99p. ICI fluctuated narrowly before closing 2 cheaper on balance at 268p, while Fisons eased 4 to 138p.

Polly Peck dull

The recently improved level of business was not sustained yesterday among leading Stores and most drifted a shade easier for want of attention. Gussies A lost Thursday's gain of 10 to close at 448p following profit-taking in the wake of the preliminary results. The chairman's statement at the annual meeting had little apparent effect on Debenhams, a couple of pence easier at 96p. Away from the leaders, Polly Peck continued to react to profit-taking and fell 12 more to 351p, while Cornell Dresses slipped to 172p for a similar reason before settling for a net fall of 5 at 175p, still up 15 on the week. Ladies Pride, dull earlier in the week following disappointing mid-term figures, rallied 3 to 56p, while H. Goldman continued to draw strength from Mr H. M. Ross's interest in the company and added 2 more to 45p. Among Shoes, Press comment aided Garner Booth, 3 up at 76p.

Leading Electricals traded within fairly narrow limits and closed with small irregular movements. GEC ended a few pence cheaper at 728p, after 725p, but Plessey closed that much dearer at 322p. Buying interest revived in Concord Rotaflex, which touched 50p before settling at 49p for a rise of 3. Dewhurst, in contrast, weakened 1½ to 8½p, on the bigger half-yearly pre-tax loss. Electrocomponents drifted off to close 10 down at 750p, while Kode, 300p, and STC, 470p, eased 5 and 8 respectively.

Leading Engineers were inclined easier with the exception of GKN, which met early support and improved 3 to 134p. Among secondary issues, GM Firth, still reflecting Mr Wasserman's stake, advanced 6 to 114p for a rise of 34 on the week. Further consideration of the Yewlands Group acquisition, prompted a rally of 5 to 210p in United Engineering. Tex Abrasives hardened a penny to 55p, lower annual profits being outweighed by the increased dividend payment. Braham Miller closed 6 higher at 18p; it was announced yesterday that L. Messel had acquired 1,886,400 shares in BM on behalf of Fieldwood Limited, an unquoted company. Sporadic support lifted Haden 4 to 192p and Edbro a few pence to 62p, but B. Elliott came on offer at 160p, down 10, along with Ransomes Sims, a similar amount lower at 173p. RHP fell 5 to 63p and Staveley 6 to 248p, while Camford eased 2 to 19p among smaller-priced issues.

British Sugar shed 9 to 320p on talk that the government might be preparing to sell its 24 per cent stake in the company. Unigate, at 104p, gave up 4 of the previous day's gain of 6 on second thoughts about the preliminary results.

Metal Box down

Leading miscellaneous industrials encountered occasional selling. Metal Box stood out with a reaction of 8 to 160p, while Glaxo eased 6 to 374p and Becham 5 to 206p. Philip Harris, up 15 more at 97p, after 102p, in further response to the preliminary results, provided the main feature in secondary issues, but W. Canning contrasted with a fall of 6 at 69p following acquisition news and the company's gloomy statement on current trading. Barget turned reactionary after the recent good rise and closed 13 cheaper at 210p, while Gestetner A, still reflecting the poor interim results, eased afresh to 63p before settling 3 down on balance at 66p. Aeronautical and General eased 10 to 395p in a limited market, and losses of 4 were recorded in Christies International, 198p, and A. Kershaw, 280p. The sale of a subsidiary left Rexmore 2 firmer at 29p. Brady Industries were supported at 63p, up 8, while Ofrex, still reflecting bid hopes, gained 4 more to 119p. Other bright spots included Morgan Crucible, 4 higher at 132p, and Office and Electronic, 5 dearer at 395p.

Motor Components closed a shade easier for choice. Dowty, annual results due next Tuesday, eased the turn to 286p but retained a gain on the week of 10. Lucas eased 3 to 192p, while Dunlop dipped a couple of pence to 74p, but Airflow Streamline bucked the trend and ended 2 dearer at 17p. Distributors remained subdued with the exception of Arlington, which rose 6 to 115p in front of Wednesday's preliminary figures.

Among idle Printing issues, Eucalyptus Pulp advanced 8 to 218p on news that Ibstock Johnsen, 3 cheaper at 77p, now controls over 20 per cent of the equity.

Firm of late on the GLC's decision to ban new office developments in London, Properties encountered selling following adverse Press comment, Land Securities shedding 9 to 338p and MEPC 8 to 238p. Great Portland Estates lost 6 to 242p, but Haslemere Estates, still buoyed by the better-than-expected preliminary results, touched 438p before closing 2 dearer on balance at 430p. Elsewhere, Lynton shed 8 to 272p following the annual results.

Among leading Oils, BP moved narrowly before settling a few pence firmer at 302p, but Shell, 4 easier at 370p, were unsettled by the announcement that the company must adopt U.S. accounting standards which will affect the translation of currency figures. Elsewhere, Ultramar, the subject of recent bid speculation, improved afresh to 470p before reacting to close only 3 firmer on balance at 468p, up 38 on the week. The more speculative exploration issues recorded some useful gains, Berkeley Exploration rising 11 to 398p, Atlantic Resources 10 to 205p and Clyde a similar amount to 205p. Candecca closed without alteration at 202p, after 209p, following the South Humberside drilling report.

Ailsa continued to feature Investment Trusts, closing 13 higher for a two-day gain of 30 at 218p; development proposals were outlined yesterday. Atlantic Assets shed 2 to 271p despite the 3-for-1 scrip issue which accompanied the full-year results.

Textiles traded close to the overnight levels and movements were usually restricted to a couple of pence either way. Stroud Riley Drummond provided an exception, rising 4 to 78p awaiting the annual results.

South African Golds closed the week on a quiet note. Prices fell away in early trading, as the bullion price tended to lose ground, but staged a minor recovery in the afternoon when the metal price rallied to close a net $0.50 firmer at $418 an ounce. The Gold Mines index eased 2.3 to 332.9 for a net rise of 9.7 on the week.

Heavyweights registered losses extending to around ½, as in Buffels, £17¼, Driefontein, £13⅝, Hartebeest, £27¼, Western Deep, £21½, Free State Geduld, £20¼, and President Brand, £20½.

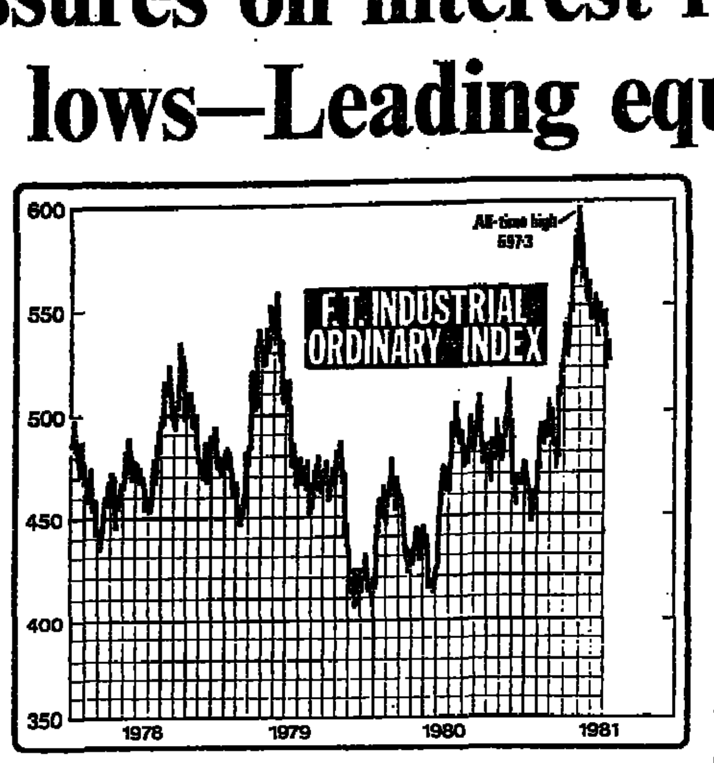
Quarterly results from the mines in the Rand Mines group are due to be published on Tuesday, those of the Anglo-Vaal group are due on Wednesday, the General Mining Union Corporation group on Thursday and the Anglo American group on Friday.

Financials were quietly mixed. Amgold relinquished a point to £43⅝, but Johnnies moved up a further ¾ to a 1981 high of £36¼ —still reflecting good results from the company's Randfontein gold mine. Transvaal Consolidated Land rose ½ to £22½.

London-registered Financials drifted throughout the day. Falls of 5 were common to RTZ, 520p, Gold Fields, 450p, and Charter, 235p. Tanks initially rose to 305p but met profit-taking and closed a net 3 cheaper at 300p, or 20 up on the week.

Australians made progress as overnight Sydney and Melbourne moved ahead following the recent strength of metal prices. CRA were prominent and put on 6 to 256p, MIM Holdings added 4 to 239p and Western Mining 3 to 304p. Seltrust rallied 5 more to 85p. Strata Oil shareholders Haoma Gold and North West Mining advanced, with the latter 4 up at 56p and the former 10 higher at 68p. The Rundle twins attracted persistent demand with CPM 8 to the good at 75p and SPP 3 up at 32p.

In Coppers, Messina continued to improve and gained 5 more to 325p, while Irish-Canadians were featured by renewed demand for Anglo United, 15 better at 130p.



FINANCIAL TIMES STOCK INDICES

	July 17	July 16	July 15	July 14	July 13	July 10	A year ago
Government Secs.	63.45	63.90	64.09	64.27	64.61	64.58	71.91
Fixed Interest	66.12	66.34	66.29	66.31	66.40	66.22	73.11
Industrial Ord.	523.7	529.3	533.7	531.2	532.1	534.6	497.3
Gold Mines	332.9	335.2	316.0	314.5	323.0	323.2	355.5
Ord. Div. Yield	5.06	5.00	5.96	5.98	5.98	6.07	7.20
Earnings, Yld. %(full)	11.60	11.57	11.48	11.52	11.59	12.09	17.69
P/E Ratio (net) (*)	10.82	10.83	10.91	10.87	10.97	10.32	6.81
Total bargains	17,350	16,451	16,945	18,098	18,036	19,873	24,757
Equity turnover £m.	—	143.64	119.99	102.78	100.13	149.73	146.76
Equity bargains	—	15,120	11,587	13,146	13,267	15,367	18,433

10 am 527.7. 11 am 525.5. Noon 527.4. 1 pm 528.6.
2 pm 526.0. 3 pm 526.2.

Latest Index 01-246 8026.

*Nil = 9.97.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	63.45 (17/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	78.01 (20/5)	66.12 (17/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.5 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 16	July 15
Daily		
Gilt Edged Bargains	177.9	209.8
Equities Bargains	88.0	75.1
Value	290.3	242.5
5-day Avrge.		
Gilt Edged Bargains	202.2	204.6
Equities Bargains	86.2	87.9
Value	249.1	245.2

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (50)

AMERICANS (3)
CANADIANS (6)
BANKS (4)
BUILDINGS (3)
CHEMICALS (2)
ENGINEERING (4)
FOODS (3)
INDUSTRIALS (10)
LEISURE (1)
PAPER (1)
PROPERTY (1)
TEXTILES (4)
TRUSTS (6)
OIL & GAS (7)
MINES (1)

NEW LOWS (90)

BRITISH FUNDS (58)
CORPORATION LOANS (5)
COMMONWLTH. & AFRICAN LOANS (1)
FOREIGN BONDS (2)
BANKS (1)
DRAPERY & STORES (2)
ELECTRICALS (1)
ENGINEERING (3)
INDUSTRIALS (4)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (2)
TOBACCOS (1)
TRUSTS (3)
OIL & GAS (1)
RUBBERS (1)
MINES (1)

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	—	89	4	85	321	65
Corpns. Dom. and Foreign Bonds	4	29	34	34	50	251
Industrials	167	282	941	1,295	898	4,658
Financial and Props.	59	134	306	689	333	1,474
Oils	33	16	44	163	84	218
Plantations	—	8	15	15	23	77
Mines	43	36	88	232	198	405
Others	57	41	82	311	222	418
Totals	343	635	1,524	2,824	2,129	7,566

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., July 17, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur., July 16 Index No.	Wed., July 15 Index No.	Tues., July 14 Index No.	Mon., July 13 Index No.	Year ago (approx.) Index No.	1981 High	1981 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	347.94	−0.4	10.50	4.49	11.75	349.38	351.26	350.47	348.32	286.96	364.69 (24/4)	272.28 (15/1)	364.69 (24/4/81)	50.71 (13/12/74)
2	Building Materials (25)	300.32	−0.6	13.08	5.67	9.31	302.23	302.31	301.81	298.41	267.51	334.34 (1/5)	236.82 (13/1)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	555.78	−0.3	17.08	5.11	6.81	557.54	563.18	552.83	548.32	423.44	610.27 (30/4)	403.39 (8/1)	610.27 (30/4/81)	71.48 (2/12/74)
4	Electricals (29)	1136.06	−0.3	8.09	2.42	15.12	1140.05	1152.98	1152.86	1152.68	818.00	1175.46 (3/7)	888.13 (15/1)	1175.46 (3/7/81)	84.71 (25/6/62)
5	Engineering Contractors (11)	495.87	−0.2	12.02	5.44	10.03	496.88	500.25	499.14	490.20	334.46	512.20 (30/4)	374.44 (20/1)	512.20 (30/4/81)	64.39 (2/1/75)
6	Mechanical Engineering (69)	207.93	−0.4	12.72	5.72	9.88	208.83	209.92	208.96	207.15	190.20	230.26 (24/4)	162.47 (15/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	146.57	+0.5	11.01	8.11	11.95	145.83	147.62	147.83	145.35	173.09	182.17 (1/5)	127.24 (14/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	97.35	−1.2	2.24	7.17	—	98.57	98.98	98.70	99.35	104.10	112.76 (1/5)	84.67 (23/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	377.49	−0.6	9.67	5.31	12.40	379.75	378.76	375.29	370.98	0.00	394.56 (24/4)	277.55 (15/1)	394.56 (24/4/81)	277.55 (15/1/81)
21	CONSUMER GROUP (195)	276.93	−1.0	12.45	5.78	9.91	279.76	279.67	278.18	277.46	239.41	294.75 (30/4)	227.50 (14/1)	294.75 (30/4/81)	61.41 (13/12/74)
22	Brewers and Distillers (20)	307.09	−1.1	14.48	6.28	8.29	310.51	309.39	308.71	308.26	302.56	325.16 (16/6)	244.42 (13/1)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (21)	257.81	−0.8	14.97	6.46	8.06	259.80	259.38	258.35	256.22	217.94	269.21 (1/5)	204.17 (14/1)	269.21 (1/5/81)	59.67 (11/12/74)
26	Food Retailing (14)	525.92	−0.3	9.35	3.38	12.74	527.47	526.35	528.39	525.51	343.45	556.21 (1/5)	440.89 (11/3)	556.21 (1/5/81)	54.25 (11/12/74)
27	Health and Household Products (7)	331.35	−1.9	8.31	4.42	14.33	337.72	339.50	338.69	336.65	233.35	346.59 (3/7)	245.38 (14/1)	346.59 (3/7/81)	175.38 (28/5/80)
29	Leisure (22)	430.18	−0.3	10.03	4.88	12.32	431.30	432.74	432.76	431.68	345.32	448.77 (1/5)	327.38 (16/1)	448.77 (1/5/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	502.62	−0.4	12.38	5.96	11.48	504.41	508.27	500.62	497.05	442.99	526.15 (11/5)	419.04 (15/1)	526.15 (11/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	142.31	−1.5	14.76	7.44	8.05	144.50	145.24	144.34	144.46	140.17	161.79 (1/5)	108.85 (14/1)	161.79 (1/5/81)	43.46 (6/1/75)
34	Stores (44)	258.30	−1.4	11.29	5.16	11.80	261.84	261.54	256.36	257.06	230.97	294.06 (30/4)	238.15 (15/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	158.14	−1.1	7.47	5.78	19.19	159.97	159.71	159.18	158.33	129.94	172.84 (30/4)	122.37 (19/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	247.24	−0.4	20.55	10.10	5.70	248.31	248.32	251.30	251.78	227.65	268.26 (3/7)	193.57 (19/1)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (16)	298.73	−0.3	5.44	6.25	34.75	299.67	297.33	297.26	294.90	0.00	311.40 (1/5)	231.28 (4/2)	311.40 (1/5/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	223.02	−0.6	13.20	6.78	9.26	224.32	224.97	223.99	222.65	229.85	249.19 (30/4)	203.40 (13/3)	249.19 (30/4/81)	58.63 (6/1/75)
42	Chemicals (15)	275.65	−0.9	11.79	7.54	10.60	278.10	279.33	278.40	279.04	322.12	320.04 (30/4)	235.35 (13/3)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	107.13	−0.8	15.42	7.67	7.81	108.02	110.78	110.35	108.58	109.76	129.79 (22/4)	93.19 (14/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	538.68	−0.3	16.39	7.05	7.16	540.42	540.17	536.24	534.69	607.68	644.76 (24/4)	518.82 (15/1)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (45)	295.79	−0.3	13.07	5.65	9.37	296.62	295.74	294.38	290.34	285.25	308.77 (1/5)	[illegible]	308.77 (1/5/81)	[illegible]
49	INDUSTRIAL GROUP (488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	274.45	−0.6	—	5.51	—	276.08	275.51	268.76	267.29	233.63	276.08 (16/7)	222.74 (7/1)	276.08 (16/7/81)	44.88 (2/1/75)
66	Insurance (Composite) (9)	173.08	−1.1	—	7.36	—	175.00	175.15	172.10	171.52	158.41	179.40 (3/7)	142.06 (19/1)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (8)	410.96	−0.2	10.86	5.65	12.50	411.88	400.98	395.65	391.25	348.43	411.88 (16/7)	294.21 (20/1)	411.83 (16/7/81)	65.66 (16/12/74)
68	Merchant Banks (13)	172.86	−0.3	—	4.91	—	173.29	172.00	172.12	169.45	140.33	179.36 (2/7)	143.07 (20/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (49)	493.25	−1.2	3.74	2.82	36.67	499.36	495.67	489.66	487.44	440.24	517.77 (2/4)	435.73 (16/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Miscellaneous (10)	181.74	+0.1	17.76	5.65	6.85	181.60	183.18	177.46	176.53	143.55	183.18 (15/7)	165.30 (19/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	309.69	−0.4	—	5.11	—	310.80	308.35	308.15	306.43	264.80	318.10 (24/4)	271.01 (23/1)	318.10 (24/4/81)	71.63 (13/12/74)
81	Mining Finance (3)	245.98	−1.1	14.31	5.56	8.23	248.78	248.19	247.03	247.25	246.52	270.39 (19/5)	200.76 (6/2)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	434.75	−0.3	11.75	6.85	10.61	436.07	432.56	431.50	430.16	417.79	488.51 (18/5)	420.28 (14/1)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	316.23	−0.5	—	5.75	—	317.81	318.04	315.37	314.18	287.44	332.77 (1/5)	278.20 (14/1)	332.77 (1/5/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri., July 17	Day's change %	Thur., July 16	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.35	−0.53	106.91	—	5.94
2	5-15 years	101.41	−0.60	102.02	—	7.38
3	Over 15 years	102.97	−0.58	103.57	—	8.03
4	Irredeemables	113.56	−0.56	114.20	—	7.43
5	All Stocks	103.26	−0.57	103.85	—	7.86
6	Debentures & Loans	81.04	−0.35	81.32	—	6.11
7	Preference	62.11	−0.14	62.20	—	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Fri., July 17	Thur., July 16	Year ago (approx.)	1981 Highs	1981 Lows
	British Government						
1	Low	5 years	12.78	12.52	11.22	12.78 (17/7)	11.20 (20/3)
2	Coupons	15 years	13.45	13.38	11.19	13.45 (17/7)	11.66 (20/3)
3		25 years	13.70	13.64	11.19	13.70 (17/7)	11.88 (6/1)
4	Medium	5 years	15.00	14.78	12.64	15.00 (17/7)	12.91 (20/3)
5	Coupons	15 years	15.50	15.38	12.59	15.50 (17/7)	13.32 (20/3)
6		25 years	15.06	14.94	12.54	15.06 (17/7)	13.03 (20/3)
7	High	5 years	15.04	14.85	12.73	15.04 (17/7)	12.93 (20/3)
8	Coupons	15 years	15.67	15.55	12.98	15.67 (17/7)	13.54 (20/3)
9		25 years	15.27	15.16	12.91	15.27 (17/7)	13.15 (20/3)
10	Irredeemables †		13.05	12.96	10.93	13.05 (17/7)	11.55 (20/3)
11	Debs & Loans	5 years	15.82	15.79	13.53	15.88 (9/7)	13.80 (27/3)
12		15 years	15.97	15.90	13.54	15.97 (48/7)	14.16 (27/3)
13		25 years	15.97	15.91	13.54	15.97 (17/7)	14.25 (27/3)
14	Preference †		16.07	16.05	14.47	16.13 (9/7)	14.29 (26/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.

CONSTITUENT CHANGE: British Enkalon has been deleted and replaced by Fothergill and Harvey (Textiles).

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* | £9.31 | 9.72 | ..... | 3.60
Clive Gilt Fd. (C.I.) | £8.16 | 8.52 | ..... | 15.49
*Prices on July 16. Next dealing July 23.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 245.0 | 266.5 | ..... | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$10.43 | — | +0.43 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 89.4 | 89.5 | ..... | 15.08

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund | £20.35 | 21.03 | ..... | 11.20
Prices at June 25. Next dealing July 30.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East July 15 | HK$29.35 | 31.46 | ..... | —
Japan Fund July 17 | US$11.36 | 12.18 | −0.04 | —

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. | £13.34 | 13.36 | ..... | 0.21
C.I. Fund | 205.5 | 218.9 | ..... | 3.50
Special Sits. Fund | 78.1 | 82.3 | ..... | 3.15
Trans. Nat. Trust | $0.985 | 1.037 | ..... | 2.89
Intnl. Bond | US$99.22 | 104.44 | ..... | 10.00
Int. Equity | US$16.84 | 17.73 | ..... | 1.00
Int. Svgs. 'A' $US | 1.23 | 1.30 | ..... | —
Int. Svgs. 'B' | 1.74 | 1.83 | ..... | —
Prices on July 15. Next dealing July 22.
†Excludes initial charge on small orders.

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. | US$11.93 | ..... | —
Bda. Intl. Bd. Fd. Inc. | US$10.42xd | ..... | 12.00
Prices July 10. Next dealing July 20.

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. | £11.0745 | 11.0748 | ..... | —
Next subscription day July 22.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Carliol Unit Fd. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c)

Funds in Court*

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hexagon Services Ltd.

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Insurance Group

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

Trustee Savings Bank

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capifex S.A.

Capital Asset Managers Ltd.

Central Assets Management Ltd.

Charterhouse Japhet

Clariton Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅞	99⅛	Treas. Variable '81‡‡	99⅞	......	13.26	13.54
100⅞	99½	Exch. 12¾pc 1981‡‡	99½	–¼	12.81	12.84
98	95⅞	Treas. 8½pc '80-82‡‡	97½	–½	8.71	13.85
96⅝	91⅝	Treasury 3pc '82‡‡	95¾xd	–⅝	3.13	10.85

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

55	40	Barymin	48	+1			
25½	14	Burma Mines 10p	18	......	0.75	0.9	6.0
330	180	Colby Res. Corp.	240	−25	—	—	—
275	200	Cons. Murch. 10c.	230	......	†030c	1.8	7.5
98	58	††Hemerdon 10c.	58	......	—	—	—
180	135	Highwood Res.	145	−5	—	—	—
400	300	Northgate C$1	335	+5	—	—	—
580	372	R.T.Z.	520	−5	16.0	3.2	f7.9
£125	£93½	Do. 5%Cv.Uns.Ln.'95-2000	£119	−1	Q9½%	—	f8.2
*51	32	††SPO Minerals 10p	32	......	—	—	—
47	27	Sabina Inds. C$1.	27	......	—	—	—
44	28	††SWCM 10p	37	......	—	—	—
555	465	Tara Exptn. $1	555	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	44	−1	Conv. 9% '80/82	£91⅞	......
Bertam	18½	......	Nat. 9¾% 84/89	£69½	......
Bdg'wtr. Est. 50p	475	......	Fin. 13% 97/02	£80⅝	+¼
Craig & Rose £1	£12½	......	Alliance Gas	69	......
Finlay Pkg. 5p	21	......	Arnott	235	......
Graig Ship. £1	£22	......	Carroll (P.J.)	85	−2
Higsons Brew	65	−5	Concrete Prods.	93	......
Holt (Jos) 25p	485	......	Heiton (Hldgs.)	30	......
I.O.M. Stm. £1	165	+3	Irish Ropes	45	+2
Pearce (C. H.)	800	......	Jacob	59	......
Peel Hldgs.	180	......	T.M.G.	15	......
Sheff. Refrshmt	97	......	Unidare	180	......
Sindall (Wm.)	195	......			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	18	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	45
Guardian	30	Tube Invest.	18	Lonrho	9
G.K.N.	15	Turner & Newall.	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Saturday July 18 1981

MAN OF THE WEEK

Not too clever by half

BY RICHARD EVANS

THE MOMENT Mr William Whitelaw came nearest to losing his cool in the past traumatic fortnight of urban rioting was when he learned of the police raids on Brixton in the early hours of Wednesday. Asked at Cabinet the next day what had been gained, the Home Secretary banged the table and shouted: "Nothing, nothing, nothing . . ." seven times.

It was a typically spontaneous outburst of passion from Mr Whitelaw, who has had to steer the Government through its most dangerous period since gaining office.

All the party pressure from the Prime Minister down following the vicious rioting across a dozen cities was to ensure that the violence was quelled by all and every means available. After an initially cautious response Mr Whitelaw showed every sign of going along with this.

He fold a relieved audience of Conservative MPs on Monday night that convicted rioters would be sent to army camps; water cannon, rubber bullets and armoured vehicles would be made available to police forces; and more aggressive police tactics, including Northern Ireland-type "snatch squads" would be deployed. It was just what most backbenchers wanted to hear but it worried the more liberal elements in the party and it appalled the opposition parties.

By Thursday Mr Whitelaw had made it clear that much of the controversial new equipment would be used "only as a very last resort" and that the

Mr William Whitelaw
"He disguises his intelligence"

strong support for the police would be balanced by attempts to analyse and deal with the reasons behind the rioting including social deprivation and high youth unemployment in inner city areas.

His special skill is in perceiving what are people's sticking points and what are not, and arranging his policy accordingly. It worked when he was Opposition Chief Whip, Leader of the Commons, Northern Ireland Secretary and now as Home Secretary where he faces the additional difficulty of sometimes being out of sympathy with many of the Prime Minister's instinctive attitudes.

This has created virtually no problems for him, however, in a Cabinet where disagreement with many of Mrs Thatcher's ideas is widespread. Mr Whitelaw is as passionately loyal to Mrs Thatcher as he was to Mr Edward Heath and he regards his prime political task as supporting her leadership against all-comers.

It is a foible of the British not to like their leaders to seem too clever, and Mr Whitelaw arouses no uneasiness on that score. He presents himself to the world as a bluff, nonchalant country squire chiefly in order to disguise intelligence and shrewdness. According to a Tory MP who has known him well for years "he is a classic example of a person who is highly intelligent although completely non-intellectual."

He is no orator, but sometimes has an engaging way with words—he accused the Labour Government in the run-up to the 1970 General Election of "going around stirring up apathy."

One of the problems for his political opponents, including his current "shadow" Mr Roy Hattersley, is his reasonableness and geniality. It can be very hard to disagree with Willie Whitelaw. He deliberately promotes his talent for getting along with people and this can be equally a problem for his critics within the Tory party.

His instincts are liberal and on emotive issues in the past, like Northern Ireland, arms for South Africa, and Rhodesia as well as law and order, it was his voice more than any other which tipped the balance away from the Right.

Inflation decline may end soon

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SLOWDOWN in the UK inflation rate is coming to an end, at least for the time being, leaving its annual growth rate at about 11 to 12 per cent.

There is still a big contrast between the very low rate of increase in prices of many items of clothing and durable household goods on one hand and the sharp increase in the charges of many nationalised industries on the other.

Department of Employment figures published yesterday show that the Retail Prices Index rose by 0.6 per cent in the month to mid-June to 295.8 (January 1974=100). This resulted in a slight fall in the 12-month rate of increase to 11.3 per cent from 11.7 per cent in mid-May.

A further slight fall in the 12-month rate is possible when the July index is announced, but there seems certain to be a hiccup in the following month since comparison will be with a low increase in August 1980. The exact path will partly depend on the weather and its impact on seasonal food prices.

Overall, the 12-month rate will now almost certainly not decline as predicted by the Treasury last March to 10 per cent by the end of this year and to 8 per cent in mid-1982.

The check to hopes of a further slowdown is largely because of the recent sharp fall in sterling. However, few economists believe there will be a significant acceleration next year.

The chances of a slowdown into single figures depend on a stable pound and low wage rises in the forthcoming pay round.

THIS leaves the 12-month rate on a plateau above its low point in the last inflationary cycle in 1978 and above the current international average rate of increase.

PRICE INCREASES (% rise in year to mid-June)	
Clothing and footwear	+ 0.2
Durable household goods	+ 4.6
Services	+14.4
Food	+ 8.6
Housing	+16.9
Nationalised industries	+20.4
Retail prices index	+11.3
OECD*	+10.4
Tax and price index	+14.9

* Average rise in consumer prices in 24 countries covered by Organisation for Economic Co-operation and Development.

The rise in the index last month was slightly less than had been expected because the early and extensive summer sales resulted in slight falls in the prices of durable household goods and of clothing and footwear.

These reductions were offset by a 3.6 per cent rise in the price of seasonal foods, such as fruits and vegetables. The prices of petrol and oil also rose and there was a further instalment of the rise in electricity and gas charges.

In the last six months, clothing and footwear prices have fallen by 0.5 per cent and there has been a rise of only 1.7 per cent for durable household goods. By contrast, prices charged by nationalised industries rose by 7.7 per cent.

Looking ahead, the indices for July and August will be affected by the rise in tobacco duty, another instalment of the rise in utility charges, the latest round of increased petrol prices and higher bread prices.

Bonn considers spending cuts of up to £4.39bn

BY JONATHAN CARR IN BONN

THE West German Government plans to cut Federal spending next year by between DM 15bn and DM 20bn (£3.29bn and £4.39bn) in an attempt to reduce its borrowing and ease pressure on domestic interest rates.

The size of the proposed cuts, equivalent to around 1 per cent of gross natonal product, indicates the tough economic policy decisions facing the Bonn coalition parties.

While the Social Democrat (SPD) and Liberal Free Democrat (FDP) parties are agreed on the need for cuts, they are far from decided on where the axe should fall.

Chancellor Helmut Schmidt is expected to outline Bonn's savings plans next week at the Western economic summit conference in Ottawa, and if possible, receive clear international backing.

This would help to strengthen his hand in the tough talks which will follow immediately he returns home—both within the coalition and with the trade unions who fear the main burden may fall on the poor.

The Italian Cabinet meets today in a bid to cut public spending by L13,000bn. The Portuguese Government yesterday ordered cuts of up to 10 per cent in spending by state-run industries, and the Irish rime Minister is expected to announce a series of public spending cuts in an emergency supplementary budget next Tuesday. Details, age 2.

Fierce argument within the coalition took place a few months ago before budget savings of just DM 1.8bn were agreed for 1981.

The Government hopes to have everything ready by early autumn in readiness for what is expected to be a tough battle in parliament.

The Opposition has a majority in the upper house whose assent is essential on tax matters.

The broad aim is to hold the Federal Government's net borrowing requirement in 1982 to about DM 26bn, compared with this year's figure which stands at DM 34.5bn and could increase.

The Government believes that tax revenue may be some DM 5bn less than originally expected next year and that it will need to pay at least DM 6bn more than it thought because of rising interest rates.

Higher defence costs are also expected and extra payments may be needed for a larger number of unemployed, making a tough savings campaign unavoidable.

Even the prospect that the Bundesbank may make a sizeable profit this year—part of which by law it must turn over to Bonn—will only ease the pressure, not remove it.

Lloyd's men reject Bill's terms

BY JOHN MOORE

LLOYD'S of London, the insurance market, will not be able to adopt a key provision required by a House of Commons committee for inclusion in its private Bill of Parliament. Nearly 14,000 underwriting members have voted against a Commons committee ruling.

As a result, the Bill for improving self-regulation — Lloyd's first major legislative changes in over 100 years—may fail.

By a majority of 13,743 to 707 votes, underwriting members have rejected a Commons committee requirement that underwriting managing agents, the groups which run syndicates at Lloyd's, should not be able to introduce members to those syndicates.

Lloyd's will formerlyy inform the Commons committee, chaired by Mr Michael Meacher MP, on Monday about the vote. The committee may then decide not to report the Bill for its next Readings.

Lloyd's clash with Parliament is over conflicts of interest. The Commons committee has told Lloyd's that brokers, the buyers of insurance on behalf of clients, should not own underwriters, the sellers of insurance. Divestment of the interests should take place over five years.

The committee also ruled that those groups which run underwriting syndicates — the managing agents — should be precluded from acting as members' agents, the groups which introduce those members to the syndicates. In Lloyd's this is known as the "divorce" issue.

Lloyd's reluctantly accepted the committee's ruling on divestment and advised its members to vote in favour. Out of the 19,136 members of Lloyd's who could have voted, the market received 14,633 ballot papers by yesterday, the close of the vote. Only 69 papers were invalid. But the market was unhappy with the "divorce" proposal.

Some 13,511 votes were cast in favour of divestment, while only 1,013 votes were cast against. Heavy lobbying by sectional interests ensured that the "divorce" proposal was rejected.

Before the poll closed yesterday, Mr Peter Green, chairman of Lloyd's, addressed an extraordinary general meeting of members attended by nearly 2,000 Lloyd's members.

Lloyd's met its advisers yesterday to consider its future tactics before the Commons committee.

Lloyd's Bank profits up 20%

BY WILLIAM HALL

LLOYDS BANK, the first of the big four banks to report its half-yearly results, surprised the stock market yesterday with a one-fifth increase in pre-tax profits to £174.7m.

The stock market had been expecting marginally lower profits because of the fall in interest rates since last year. As a result, Lloyds' share price rose by 20p to a new high for the year of 420p. The rise in share price was also helped by a 15 per cent increase in the interim dividend.

Sir Jeremy Morse, chairman of the Lloyds Bank Group, said that the performance was due to "lower provisions in the UK and a strong performance by Lloyds Bank International."

The latter accounts for nearly half group assets and had already reported more than doubled profits for the six months ended last March.

Mr Norman Jones, the group chief executive, said yesterday that the group was a "slimmer and tougher animal than a year ago." The £27.6m drop in the charge for bad and doubtful debts, compared with the second half of last year, reflected the fact that the group had "swallowed a lot of painful medicine last year."

Mr Jones also emphasised that the bank had kept a tight rein on costs. Operating expenses grew by only 5.3 per cent to £412.7m between the second half of 1980 and the first half of this year.

In the UK, branch deposits had increased in line with inflation but advances were "virtually flat."

Overseas, the performance had been boosted by switching much of LBI's lending out of the money markets and into higher margin commercial business.

Despite the drop in average base rate from 17 per cent to 12.8 per cent, between the first half of last year and the latest period, the group managed to boost its net interest income by 15.3 per cent to £456.3m. This was mainly due to widening the average margin between base and deposit rates from 2 per cent to 2.8 per cent.

The Government's windfall profits tax cost the group £58.6m. This is treated as an extraordinary item below the line.

As a result, retained profits fell from £101.4m to £54.6m. On a current cost basis there was a deficit of £13.9m.

Bank shares moved higher following Lloyds Bank's results. The share price of Barclays and Midland both rose 10p to 455p and 350p respectively. National Westminster Bank rose 15p to 425p.

Details, Page 14

Weather

UK TODAY

Sunny intervals and showers.

E. and N.E. England, E. Anglia
Showers with sunny intervals.

N.W. and S. England, W. Midlands, Lake District, Borders, Edinburgh, Dundee, Glasgow,
Mainly dry, sunny periods.

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland Ireland
Sunny intervals but cool. Max. 12C.

Outlook: Rain in the west, spreading slowly east.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†	C	20	68
Algiers	S	28	82	Luxmbg.	C	16	61
Amsdm.	F	15	59	Luxor	—	—	—
Athens	S	32	90	Madrid	S	34	93
Bahrain	S	36	97	Majorca	S	29	84
Barcina.	F	25	77	Malaga	S	23	73
Beirut	F	28	82	Malta	S	31	88
Belfast	R	13	55	M'chstr.	R	12	54
Belgrd.	S	29	84	Melbne.	S	17	63
Berlin	F	21	70	Mx. C.†	—	—	—
Biarritz	F	21	70	Miami†	S	28	82
Bmghm.	F	17	63	Milan	C	25	77
Blackpl.	C	14	57	Montrl.†	S	20	68
Bordx.	S	20	68	Moscow	T	21	70
Boulgn.	F	15	59	Munich	C	21	70
Bristol	F	16	61	Nairobi	C	23	73
Brussels	C	15	59	Naples	F	27	81
Budpst.	—	—	—	Nassau	—	—	—
Cairo	S	36	97	Nwcstl.	C	15	59
Cardiff	R	13	55	N York†	S	24	75
Cas'b'ca	S	24	75	Nice	F	26	79
Cape T.	—	—	—	Nicosia	S	27	81
Chicg.†	S	19	66	Oporto	S	24	75
Cologne	C	18	64	Oslo	C	16	61
Cpnhgn.	F	17	63	Paris	F	19	66
Corfu	S	32	90	Perth	F	20	68
Denver†	C	19	66	Prague	C	21	70
Dublin	R	14	57	Reykjvk.	F	11	52
Dbrvnk.	S	27	81	Rhodes	S	29	84
Ednbgh.	R	13	55	Rio J'o	—	—	—
Faro	S	26	79	Rome	S	28	84
Florence	F	29	84	Salzbrg.	C	22	72
Frankft.	C	17	63	S F'cisc†	C	12	54
Funchal	S	23	73	S. Moritz	—	—	—
Geneva	F	24	75	Singapr.	—	—	—
Gibraltar	S	24	75	S'tiago†	—	—	—
Glasgow	C	16	61	Stckhm.	C	17	63
G'rnsey	C	14	57	Strasbg.	C	17	63
Helsinki	R	16	61	Sydney	F	16	61
H. Kong	F	33	91	Tangier	S	24	75
Innsbrk.	F	23	73	Tel Aviv	S	28	82
Invrnss.	R	15	59	Tenerife	F	26	79
I.o.Man	C	13	55	Tokyo	S	33	91
Istanbul	F	27	81	T'ronto†	S	17	63
Jersey	C	16	61	Tunis	S	31	88
Jo'burg	—	—	—	Valencia	S	29	84
L. Plms.	S	24	75	Venice	F	27	81
Lisbon	S	26	79	Vienna	C	27	81
Locarno	F	24	75	Warsaw	F	24	75
London	C	15	59	Zurich	C	18	64

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Bank Continued from Page 1

pended, Mr Nicholas Goodison, chairman of the Stock Exchange, alerted Mr Andrew Arbuthnot, chairman of the merchant bank, to the fact that the investigations involved Sir Trevor and Mr Barrett.

No other employees of Arbuthnot are thought to be involved, but it seems likely that the Halliday investigation could widen to include other investment managers.

The suspension of two of its key executives comes at a particularly delicate time for Arbuthnot. Only a fortnight ago it said that it was studying bid approaches from a number of unnamed parties.

Yesterday's news sent Arbuthnot's shares plunging 32p to 300p, wiping out most of the gain achieved in recent weeks as bid rumours multiplied.

It is an open secret that one of Arbuthnot's suitors is Henry Ansbacher, a small merchant bank which does not have the cachet of Arbuthnot's membership of the Accepting Houses Committee.

Last night a spokesman for Ansbacher said that it was in "a state of shock" over the news. Mr Charles Williams, Ansbacher's managing director, would not comment on how the announcement might affect his approach, but Ansbacher was clearly reviewing its position.

Unit trust and investment management is an important business for Arbuthnot, which is regarded as a leader in the field. Its last report and accounts show that non-banking business (which also includes commodity dealing and insurance broking) contributed £1.12m to trading profits of £1.9m. Within that division, investment management was said to have had a record year.

Yesterday Arbuthnot issued a terse announcement that "the interests of all investors and unitholders are, of course, safeguarded." Mr Peter Miller, a deputy chairman of the investment side, has taken over as acting executive chairman.

-Mobil Continued from Page 1

rest abroad.

Merrill Lynch White Weld Capital Market Group, the investment banking arm of Merrill Lynch, is acting as dealer manager for the Mobil bid.

Conoco said yesterday it would review Mobil's offer. But Mr Ralph Bailey, Conoco's chairman, said it raised substantial anti-trust and other public policy issues "which will require intensive examination, and which make the acquisition of Conoco by Mobil subject to serious question." Conoco has already expressed approval for the Du Pont merger.

Texaco, the third largest oil company, is still in the wings and other oil groups could shortly enter the bidding, increasing the stakes for Conoco even further.

Continued from Page 1

Beirut

river crossing points suggests it is determined to prevent further supplies reaching Palestinian guerrillas in the south from where on Wednesday night they launched salvos of Katyusha rockets against civilian targets in northern Galilee.

Three Israelis were killed in the attacks.

The scale of the latest rocket attacks across the Lebanese border has deeply worried Israelis. Military officials said the Palestinians had taken delivery recently of extensive quantities of sophisticated Russian equipment, notably multiple rocket-launchers which can fire Katyusha missiles in batches of 41 over a 12-mile range.

THE LEX COLUMN

Smoke signals and interest rates

By yesterday evening, pretty well the whole City of London had decided that Minimum Lending Rate was going up by 2 points to 14 per cent. One-month money market interest rates, for instance, surged by more than a point on the day, and three-month Treasury bills were allotted at a discount rate of 13.47 per cent—equivalent to a yield of some 13.9 per cent, about ¾ of a point higher than Friday last week. The only City organisation which appeared to differ strongly from the general consensus was the Bank of England.

Swirling winds around the Square Mile have, however, this week been badly interfering with the money market smoke signals which regularly puff up from Threadneedle Street. Officially, Thursday's sales of bills by the Bank at up to 12¾ per cent were only neutral, but there were those in the market who concluded that at the very least the Bank was endorsing the rise in rates up to that point. Yesterday's unexpected announcement of an extra £800m issue of one-month bills may only have been intended to offset an expected surplus of Government disbursements next week — but it further alarmed an already highly nervous market.

This bearishness about interest rates is a natural consequence of some weeks of easiness in the sterling exchange rate. Almost a fortnight ago the Bank of England sent a shot across the bows of the exchange markets, warning that it was prepared to use the interest rate weapon. Since then, the publication of the June money supply figures has caused many analysts to have doubts about whether the money supply is really being held within the target growth range, after elimination of distortions arising from the Civil Servants' dispute, as the Bank claims. Yesterday, for instance, the Monetary Bulletin from brokers W. Greenwell warned that the massive £3.77bn accumulated by UK residents in foreign currency deposits with UK banks in the past six months has produced a serious downwards distortion of the regular monetary aggregates like sterling M3, which only includes sterling deposits.

Index fell 5.6 to 523.7

Politically, however, a rise in interest rates has seemed impossible. The agony of the last Budget was justified mainly in terms of the scope it would offer for lower money rates; higher rates now would hit an industrial economy which is still shrinking.

Yet the steady climb in long-term interest rates in the gilt-edged market during the past few months—15-year rates are now well over 15¼ per cent—has reflected fears that the Government's anti-inflationary monetary strategy would become untenable. Thursday's politically disastrous result for the Conservatives at Warrington has now set the possibility of major changes in economic policies firmly at the centre of the financial debate in the City.

In a familiar way, the City is trying to make the Government swallow some thoroughly Government wants to avoid the unpleasant medicine. If the dosage, it will have to produce a convincing second opinion next week.

Lloyds bank

High interest rates are not the be-all and end-all of UK banking, as Lloyds' interim figures underline. At this time last year Lloyds bitterly disappointed the market by turning in profits £20m below most analysts' expectations—a trend followed by the other clearers. This time round outside forecasters expecting little if any improvement are again wiping egg off their faces, for Lloyds' historic cost pre-tax profits, at £174.7m, are 20 per cent higher than in the previous two halves, in spite of an average base rate of 12.8 per cent compared with 17 per cent a year ago.

The disappointment a year ago was caused mainly by the flat international performance, but when this picked up in the second half the sharp rise in domestic bad debt provisions prevented any overall rise. This year in the first half domestic bad debt provisions have sunk back from £51.9m to £24.3m, while the international side has continued to improve and now represents about 45 per cent of profits. Although the California subsidiary is being squeezed, there has been a big—and to some extent one-off—improvement at Lloyds Bank International as commercial loans have replaced interbank lending.

Even taking the decline in bad debt provisions into account, domestic banking has been extremely resilient. The comparable figures of a year ago contained a corset penalty of perhaps £5m, and the bank has enjoyed the fruits of its temerity in increased market share. At the same time interest rate margins have widened and the swing from current to deposit accounts has now been arrested. But it looks as if the most important element has been cost control. Lloyds' UK staff costs are up only 19 per cent on a year earlier, with barely higher manning levels.

So the other clearers may well fail to match Lloyds' performance, although they will find it hard to ignore the challenge of a 15 per cent rise in the dividend. The Lloyds share price rose 20p yesterday to 420p, where the prospective yield is 6.9 per cent, with the rest of the sector in hot pursuit. Results like these must be a relief at a time when dawn raids have replaced windfall taxes as the banks' main worry.

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V G H